



ADOPTED  
*CITYWIDE BUSINESS PLAN*  
2016-2021



BUDGET OFFICE



## CITY COUNCILMEMBERS

1

Scott Wagner



FIRST DISTRICT AT-LARGE  
MAYOR PRO TEM

Heather Hall



FIRST DISTRICT

2

Teresa Loar



SECOND  
DISTRICT AT-LARGE

Dan Fowler



SECOND DISTRICT

3

Quinton Lucas



THIRD DISTRICT AT-LARGE

Jermaine Reed



THIRD DISTRICT

4

Katheryn Shields



FOURTH  
DISTRICT AT-LARGE

Jolie Justus



FOURTH DISTRICT

5

Lee Barnes, Jr.



FIFTH DISTRICT AT-LARGE

Alissia Canady



FIFTH DISTRICT

6

Scott Taylor



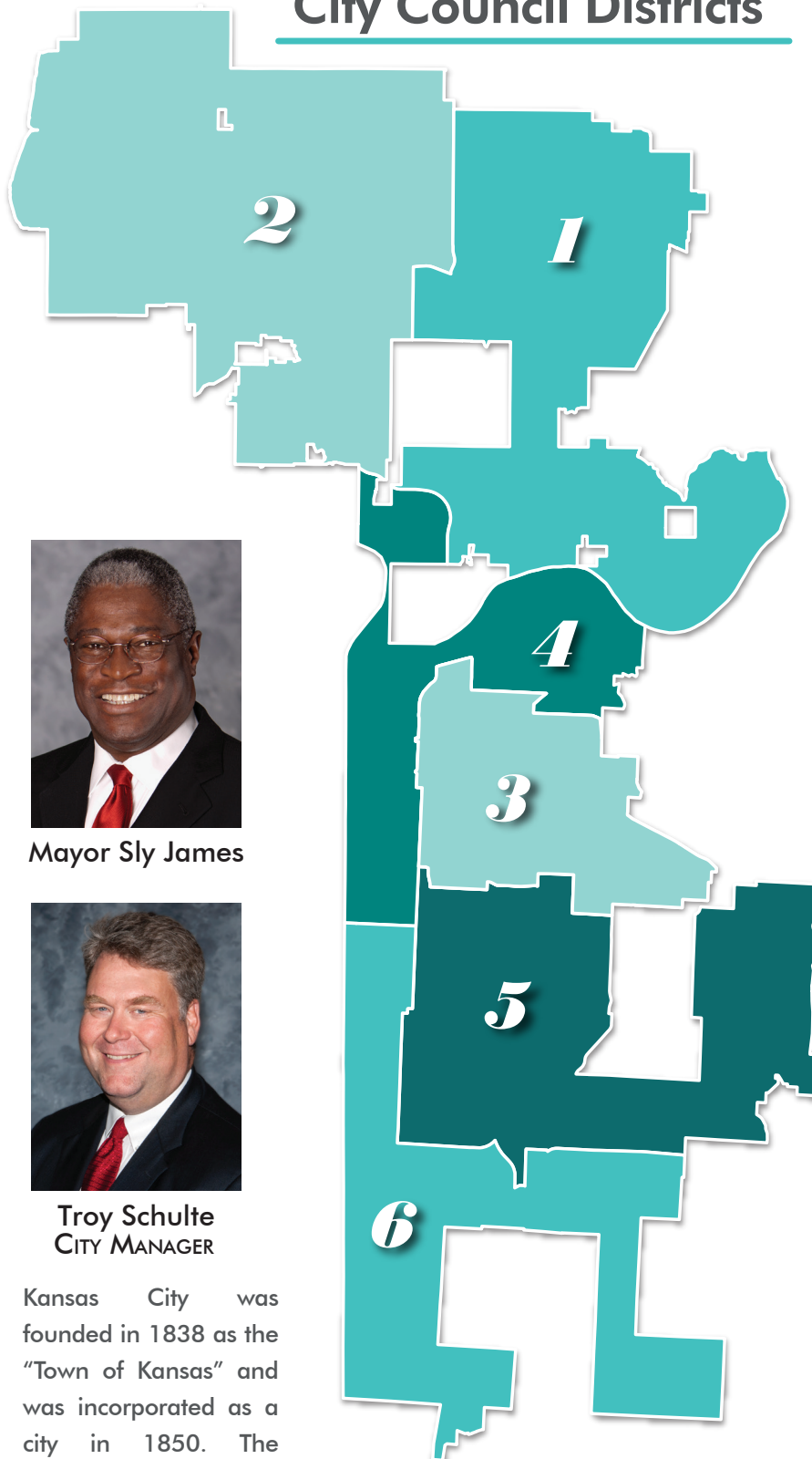
SIXTH DISTRICT AT-LARGE

Kevin McManus



SIXTH DISTRICT

## City Council Districts



Mayor Sly James



Troy Schulte  
CITY MANAGER

Kansas City was founded in 1838 as the "Town of Kansas" and was incorporated as a city in 1850. The

original charter establishing the Council/Manager form of government was passed on February 24, 1925. The Kansas City Mayor is the presiding member of the City Council, which has 12 other members, one member for each district, plus one at-large member per district.

*City Council offices located on 22nd floor.*

*Mayor and City Manager's offices are located on 29th floor.*

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# Introduction

## Background of Citywide Business Plan

The City of Kansas City, Missouri has utilized a variety of strategic planning models over the years. Perhaps the best known is FOCUS (Forging Our Comprehensive Urban Strategy), a document developed by the City and its residents that was adopted in October 1997. The purpose of FOCUS – and seven corollary plans that outlined the action steps – was to establish priorities and guide decisions that would help make Kansas City a thriving, people-centered community. These well-constructed and thoughtful plans have served as the City’s roadmap for nearly two decades.

Although FOCUS clearly outlined 14 priority areas, the plans were disconnected from the City’s budget process, budget forecast, and financial reports. As such, there was little alignment between the City Council’s priorities and the financial resources to support them.

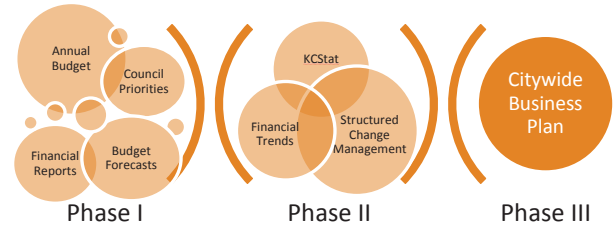
Another disconnect involved the manner in which City departments and divisions conducted planning for their respective areas. Each department handled strategic planning differently, with some planning themselves and others hiring outside consultants. Some engaged in planning on a regular basis, some only sporadically, and some not at all. Plans that did exist could not be related to plans for other departments and divisions. Additionally, there was no connection to the citywide plan.

## Improving the Process

Improvements to this process began in 2011 when the City created a new process known as “Structured Change Management.” This process was designed to incorporate several essential components that traditionally had been handled separately:

- Council priorities and objectives;
- Strategic plans and business plans for departments and divisions, all using a *common template*; and
- *Key Performance Indicators (KPIs)*, which the City Manager encouraged through the establishment of the Office of Performance Management.

## “Connecting the Dots”



Each of these improvements made the planning process stronger and more connected, but there was still a major correction yet to make: to strengthen and connect structured change management to the other aspects of planning including:

- Budgeting and Forecasting; and
- Financial trends monitoring and reporting.

City Manager Troy Schulte tasked the Finance Department with organizing the City Council’s goals into a comprehensive, renewable Five-Year Citywide Business Plan that would include three essential components:

- (a) the **City’s Strategic Plan**, including the mission, vision, values, goals, and objectives;
- (b) a **Financial Strategic Plan**, containing financial objectives; and
- (c) a **Five-Year Planning Model** that provides *baseline* and *balanced* scenarios to evaluate financial and operational alternatives through the planning and budget process.

The first Five-Year Citywide Business Plan was launched on November 26, 2013 with the City Council’s passage of Resolution No. 130890. Through this resolution, the Council not only adopted the first annual Financial Strategic Plan, but also approved the Five-Year Planning Model as the tool to evaluate financial and operational alternatives through the planning and budget process. In April 2014, the residents of Kansas City approved a change in the City Charter requiring the production of the Financial Strategic Plan and the Five-Year Planning Model every year. Most significantly, the Charter change marked an important first step in breaking a pattern of



# Introduction

successive single-year fixes, often implemented without a long-term view.

Through the development and implementation of the Five-Year Citywide Business Plan (with its three components), all of the proverbial “dots” have been connected. For the first time in Kansas City history, the Citywide Business Plan is linked to budget decisions. Moreover, the plans of City departments and divisions are relatable to one another as well as to the Five Year Citywide Business Plan which serves as the “planning umbrella.”







## Office of the City Manager

29th Floor, City Hall  
414 East 12th Street  
Kansas City, Missouri 64106

(816) 513-1408  
Fax: (816) 513-1363

DATE: November 1, 2015

TO: Honorable Mayor Sylvester "Sly" James, Jr.  
Members of City Council

SUBJECT: Adopted 2016-2021 Citywide Business Plan

I am pleased to present to you the Adopted 2016-2021 Citywide Business Plan for the City of Kansas City, Missouri. This is the third year the City has presented and adopted a citywide business plan since the City Council adopted Resolution No. 120879 stating the intent to adopt a long-term financial plan. And, the residents of Kansas City voted at the April 8, 2014 Special Election mandating the inclusion of the Five-Year Financial Plan into the City Charter.

This document includes the six Council Goals, the Financial Strategic Plan, and the Five-Year Planning Model. The Council Goals include Customer Service; Finance and Governance; Neighborhoods and Healthy Communities; Planning, Zoning and Economic Development; Public Safety; and Transportation and Infrastructure with 55 total Departmental Strategic Objectives. The Financial Strategic Plan consists of 14 financial objectives to ensure fiscal sustainability.

The major changes associated with the adopted citywide business plan were as follows:

- Fire Department operating budget decrease to offset equipment debt service *beginning* in FY 2018-2021 (\$2.5 million).
- In Year 5, identify increased revenues or decreased expenditures to address an anticipated shortfall of \$5.5 million, including contemplating a possible wage freeze, subject to ongoing labor negotiations and agreements.
- Neighborhoods programs operating budget *increase* (\$500,000) beginning in FY 2017 to reflect citizen input.

We will strive to improve on "Connecting the Dots" by directing the strategic plans of City departments to align to a common template and the Citywide Business Plan. The Adopted Citywide Business Plan will also serve as the driver for the Submitted FY 2016-17 Budget. We will continue to engage citizens through our web-based tool, Balancing Act, in which residents can participate in the budgeting process all year long.

Respectfully submitted,

Troy M. Schulte  
City Manager

## COMMITTEE SUBSTITUTE FOR RESOLUTION NO. 150793

Adopting the 2016-2021 Citywide Business Plan including Council Goals, the Financial Strategic Plan, and the Balanced Scenario of the Five-Year Planning Model, and directing the City Manager and the Finance Department to align departmental strategic plans and business plans to the Citywide Business Plan.

WHEREAS, the City Council adopted Resolution No. 120879 on October 11, 2012, stating the Council's intent to adopt a long-term financial plan and to review and update it on an annual basis; and

WHEREAS, the City Council adopted Resolution No. 130025 adopting the City's strategic plan of priorities and performance indicators; and

WHEREAS, the residents of Kansas City at the April 8, 2014 Special Election mandated the inclusion of a Five-Year Financial Plan in the City Charter; and

WHEREAS, the City Council adopted Resolution No. 140859 Adopting the 2015-2016 Citywide Business Plan including Council Goals, the Financial Strategic Plan, and the Balanced Scenario of the Five-Year Planning Model; and

WHEREAS, Section 804 of the City Charter requires the City Council to adopt a five-year financial plan no later than November 1 of each year; and

WHEREAS, City staff specified Departmental Strategic Objectives within Council Goals on June 19, 2015; and

WHEREAS, the City Manager and Finance Department staff presented the Submitted Citywide Business Plan to the Finance and Governance Committee on September 16, 2015, and to the City Council in subsequent meetings; and

WHEREAS, residents participated in three Citizen Work Sessions on September 19, 2015, September 23, 2015, and October 6, 2015, to provide input and feedback on the Citywide Business Plan; and

WHEREAS, the Submitted Citywide Business Plan contains the Council Goals, the Financial Strategic Plan, and the proposed Five-Year Planning model; and

WHEREAS, the Council Goals include Customer Service, Finance and Governance, Neighborhoods and Healthy Communities, Planning, Zoning, and Economic Development, Public Safety, and Transportation and Infrastructure with 56 total Departmental Strategic Objectives; and

WHEREAS, the Financial Strategic Plan proposes 14 financial objectives; and



## COMMITTEE SUBSTITUTE FOR RESOLUTION NO. 150793

WHEREAS, the Submitted Citywide Business Plan proposes a Five-Year Planning Model that addresses several objectives in the Financial Strategic Plan; and

WHEREAS, the Council will continue its commitment to the citizens to allocate revenues in keeping with ballot language approved by the voters; NOW, THEREFORE,

BE IT RESOLVED BY THE COUNCIL OF KANSAS CITY:

Section 1. That the City Council hereby adopts the following Council Goals with the following Departmental Strategic Objectives.

### **Customer Service**

1. Standardize customer services responses and processes across departments, adhering to citywide customer services standards. (April 2017)
2. Require that all departments identify customers' expectations and perceptions via feedback tools such as surveys. (April 2017)
3. Adopt and execute a strategic communication plan to support the citywide business plan. (April 2017)
4. Apply an integrated and strategic approach to all communication efforts, both internal and external. (April 2017)
5. Continually seek innovative and creative ways to connect with residents. (Ongoing)

### **Finance and Governance**

1. Develop and execute a strategy to reauthorize the earnings tax in 2016.
2. Integrate the City's strategic plan, long-term financial plan, and annual budget, and expand resident engagement and priority based budgeting. (Ongoing)
3. Develop an organizational standard of administrative, governance, and financial core competencies for employees by employing a combination of classroom and online training. (2017)
4. Make information about the City's performance, operations, and financial condition more transparent, user-friendly, understandable, and accessible to elected officials and the public. (Ongoing)
5. Maintain and strengthen the City's General Obligation AA credit rating through the Five-Year Financial Plan. (April 2020 and ongoing)

## COMMITTEE SUBSTITUTE FOR RESOLUTION NO. 150793

6. Improve safety, reduce risks, and reduce exposure to claims for residents, employees, and visitors by establishing citywide policies and processes to identify hazards; develop recommendations for abatement by level of risk; and, track completion dates. (May 2016 and ongoing)
7. Identify the largest opportunities for cost savings and efficiencies through operational analyses, managed competition and performance indicators. (April 2017 and ongoing)
8. Continue to implement a vehicle and equipment replacement program. (Ongoing)
9. Explore partnerships to expand sharing of public resources across government jurisdictions, such as Core 4. (June 2017)
10. Develop a plan of finance for potential improvements at the Kansas City International Airport. (2016)
11. Develop a comprehensive funding strategy for maintenance and capital improvements in conjunction with the renewal of the Capital Improvement Sales Tax in 2018 and a \$500 million General Obligation Bond authorization in 2016.

### **Neighborhoods and Healthy Communities**

1. Increase overall life expectancy and reduce health inequities in all zip codes. (2020)
2. Implement the Community Health Improvement Plan (KC-CHIP). (February 2016 )
3. Introduce legislation to provide the City and local neighborhoods better control over the future of vacant properties as quickly as possible. (February 2016 )
4. Support blight reduction efforts through legislative changes, collaborating with community partners, reducing illegal dumping and litter, and aggressively market Land Bank and KC Homesteading Authority property inventory. (Current and ongoing)
5. Update and improve the City's Dangerous Buildings demolition ordinance to ensure that demolition activities meet current legal standards. (September 2015)
6. Perform a housing condition survey. (July 31, 2017)
7. Improve access to locally grown, processed, and marketed healthy foods through programs such as KC Grow. (April 2016)



## COMMITTEE SUBSTITUTE FOR RESOLUTION NO. 150793

8. Implement services and other recreational activities outlined in community centers' business plans that have been targeted to the specific needs of each community. (Initial efforts – December 2015; then ongoing)
9. Enhance arts and cultural opportunities available in neighborhoods through Kansas City, Missouri. (2019)

**Planning, Zoning, and Economic Development**

1. Create and implement aggressive neighborhood revitalization plans that are consistent with Kansas City's comprehensive, long-range economic and physical growth plans with special attention to sustainable development projects or project in historically underdeveloped corridors and neighborhoods. (2018)
2. Implement the City's long-range economic strategic plan utilizing the recommendations of the AdvanceKC strategic plan. (Tune up: 2017)
3. Implement programs that foster small business growth and development. (2016)
4. Implement the City Planning and Development Service Improvement Plan in order to streamline business processes and systems. (2017)
5. Enhance Kansas City as a destination for leisure and business travel through aggressive promotion of our community and continued investment in the City's convention and entertainment facilities. (Ongoing)
6. Prepare the airport terminals at KCI to meet and exceed the future needs and requirements for our customers and tenants to make KCI a world-class airport. (Ongoing)
7. Utilize arts-based strategies to support the creative sector in fostering economic and community development. (2017)
8. Increase support for economic prosperity of the creative sector. (Ongoing)
9. Develop a digital inclusion strategic plan for the City's part in the Kansas City Coalition for Digital Inclusion. (May 1, 2016)
10. Analyze the current and historic use of incentives in Tax Increment Financing (TIF), Land Clearance for Redevelopment Authority (LCRA), Chapter 353 Program, and Planned Authority Expansion Authority (PIEA) areas to determine the ongoing need for development assistance. (2017)

## COMMITTEE SUBSTITUTE FOR RESOLUTION NO. 150793

### **Public Safety**

1. Reduce crime among all age groups. (Ongoing)
2. Retain an actively involved Community Prosecution unit within the City Prosecutor's Office to work with community organizations and leaders of the East and Central Patrol districts as an active resource in the struggle to combat and reduce crime. (Ongoing)
3. Reduce the impact of frequent/chronic users of public safety resources by partnering with service providers and educating property owners. (January 2017)
4. Maintain and enhance public safety capabilities to respond efficiently and effectively to natural/manmade disasters through the use of new technology and existing resources. (Ongoing)
5. Prevent animal-related threats to public safety and support animal welfare through improved pet license compliance, education, and effective animal response operations. (Ongoing)
6. (A) Administer expedient and impartial justice by improving the docket system for scheduling cases and for the timely disposition of cases. (May 1, 2016)  
  
(B) Place appropriate matters in the relevant specialty court by enhancing communication and partnerships in the administration of justice. (Ongoing)
7. Coordinate between public safety departments, the Finance Department's Budget Office, and the Office of Performance Management to provide outcome-driven measures for specific programs. (October 2016)
8. Increase collections for Emergency Medical Services (EMS) by implementing key performance measures to ensure efficient revenue collection. (Ongoing)
9. Improve advanced life support (ALS) response time by converting basic life support (BLS) companies to ALS companies without the need for additional staffing. (Five (5) companies annually for five years)
10. Introduce/support state legislation to enable increased revenue for EMS and dispatch services. (May 2016)

### **Transportation and Infrastructure**

1. Develop asset-specific plans to maintain City infrastructure to maximize useful life. (June 2017)



## COMMITTEE SUBSTITUTE FOR RESOLUTION NO. 150793

2. Implement the Envision Sustainable Infrastructure Rating System in all infrastructure planning and projects to maximize sustainable development solutions. (through 2019)
3. Develop and increase access to multi-modal transportation options such as buses, bicycle lanes, trails, sidewalks, and the streetcar system. (through 2019)
4. Create a plan to implement strategic infrastructure investments in the Twin Creeks area that capitalize on natural features, promotes unique development patterns, builds civic space, and promotes sustainable design and construction. (through 2019)
5. Execute consent decree requirements for the overflow control program. (Ongoing)
6. Continue to implement the City's adopted climate protection plan. (Ongoing)
7. Increase the waste diversion rate through policies and programs that promote recycling and reuse. (2016)
8. Monitor and maintain the timeliness of water main repair and restoration. (Ongoing)
9. Implement an American with Disabilities Act (ADA) Plan to meet the Department of Justice's requirements. (Ongoing)
10. Facilitate the development and use of facilities, venues, and spaces for diverse arts activity throughout the City. (Ongoing)

Section 2. That the City Council hereby adopts the Financial Strategic Plan including the following priorities.

1. Achieve within five years a General Fund Unreserved Fund Balance of at least two months operating expenditures.
2. Set guidelines for each fund or fund type's balance and/or reserve levels.
3. Adopt ratios for an optimal mix of infrastructure financing methods that protects the City's investment, minimizes future replacement and maintenance costs, and ensures continued service.
4. Develop a policy to guide the financial actions the City shall take in the event of emergencies, natural disasters, downturns in the economy, or other unexpected events.
5. Adopt a model portfolio of services and adjust the City's expenditure ratios as needed to maintain portfolio balance.

## COMMITTEE SUBSTITUTE FOR RESOLUTION NO. 150793

6. Ensure that fee-supported services are self-supporting to the extent practicable.
7. Develop an annual tax burden study.
8. Adopt debt issuance target ratios.
9. Ensure “new money” bond issues are supported by new revenue sources.
10. Attain a market rate of return throughout budgetary and economic cycles, taking into account the City’s investment risk constraints and liquidity needs.
11. Develop multi-year business/strategic plans for each department that meet service goals while staying consistent with financial realities.
12. Link budget allocations to measured service levels.
13. Ensure the actuarial soundness of the City’s pension systems.
14. Address other post-employment benefits liability through either plan design changes, direct funding, or both.

Section 3. That City Council hereby adopts the Balanced Scenario in the Five-Year Planning Model that addresses objectives identified in this resolution and that includes the following assumptions.

- Fire Department operating budget decrease to offset equipment debt service *beginning* in FY 2018-2021 (\$2.5 million).
- In Year 5, identify increased revenues or decreased expenditures to address an anticipated shortfall of \$5.5 million, including contemplating a possible wage freeze, subject to ongoing labor negotiations and agreements.
- Fleet replacement *increase* in General Fund beginning FY 2017. (1st payment in FY 2018)
- Employer contributions to health insurance increase only 2.5 percent in FY 2019-2021.
- Transfer of remaining streetlight debt service to capital improvement funds.
- Neighborhoods programs operating budget *increase* (\$500,000) beginning in FY 2017 to reflect citizen input.
- Municipal Court revenues recover by \$2 million (FY 2014-15 levels) in FY 2017-2021

COMMITTEE SUBSTITUTE FOR RESOLUTION NO. 150793

Section 4. That the City Council directs the City Manager to include the assumptions of Financial Strategic Plan and the Five-Year Planning Model in the Submitted FY 2016-17 Budget.

Section 5. That the City Council directs the City Manager to direct the strategic and business planning of City departments and to align departmental strategic plans and business plans to the Citywide Business Plan.

Section 6. That the City Council may update and enhance the Citywide Business Plan and the Council's adopted priorities via the Council committee process.



Authenticated as Passed

Sly James, Mayor

Marilyn Sanders, City Clerk

OCT 29 2015

Date Passed





# Citywide Business Plan

## The 2016-2021 Citywide Business Plan

This is the third edition of the Citywide Business Plan. Like the two previous citywide plans, this edition highlights several critical issues facing Kansas City over the next five years and integrates several efforts into one comprehensive platform. The plan serves several key functions; specifically, it:

1. Provides the guiding factors for planning and resource allocation decisions;
2. Provides a structure to keep the entire organization focused on City Goals; and
3. Serves as a “playbook” for the City Manager to define for our citizens where the City is and where it is headed.

## Components of the Five-Year Citywide Business Plan

The three components of the Five-Year Citywide Business Plan include the City Strategic Plan, the Financial Strategic Plan, and the Five Year Planning Model.

### City Strategic Plan

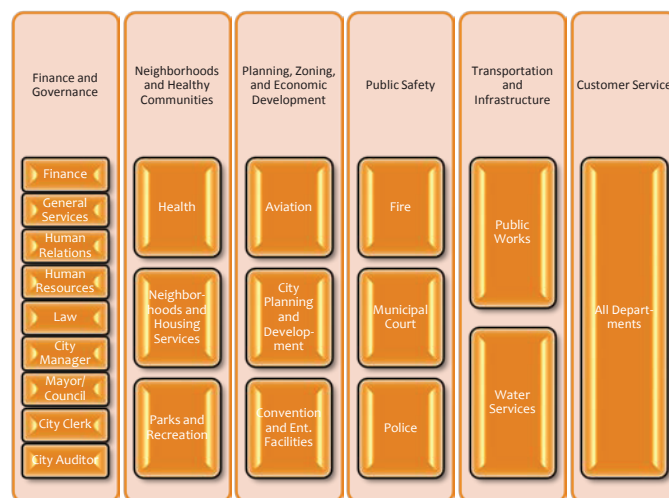
The model of strategic planning utilized by the City (as a common template) includes the following elements: core values; vision statement; mission statement; goals; objectives. The goals and strategic objectives contained within this plan provide the Mayor and City Council with the information necessary to form long-term strategies to ensure the availability of City services.

A successful strategic plan is supported by strong guidance from elected officials on what the organization values and believes to be important as expressed through official policy. Each of the six goals identified by the City Council: Customer Service; Finance and Governance; Neighborhoods and Healthy Communities; Planning, Zoning and Economic Development; Public Safety, and Transportation and Infrastructure, are presented with the following components:

- **Departmental Strategic Objectives** identified by departments, linked to Council goals
- **Citizen priorities** (citizen survey results)

- **Measures of success** (key performance indicators)

The Citizen Priorities and Measures of Success associated with each priority will be instrumental in monitoring and reporting the results of this plan.



### Financial Strategic Plan

The Financial Strategic Plan includes an analysis of revenues, expenditures, and long-term liabilities to provide expert knowledge of the City and to inform the inputs and assumptions for the Five-Year Planning Model.

#### Strategic Plan Hierarchy

Elements of Strategic Plan	Definition
Core Values	What we believe
Vision Statement	What we strive to become
Mission Statement	What we exist to do
Goals	What we do to achieve the mission
Objectives	How we achieve each goal
Key Performance Indicators (KPIs)	How we measure success



# Citywide Business Plan

## Five-Year Planning Model

The Five-Year Planning Model includes baseline and balanced scenarios that are designed to facilitate quality decision making about financial matters.

## Overview of the Process

Due to improvements made to the plan in recent years, the Citywide Business Plan now drives the budget process, ensuring that the City Goals receive the attention, funding, and systems that make their achievement possible. In addition, departmental strategic objectives are integrated with the Citywide Business Plan, thus bringing all of the plans together into a cohesive whole.

Execution of the Citywide Business Plan and the allocation of resources to Goals in the plan are managed by the Finance Department through the annual budget process. As part of this process, performance is compared and prioritized to assist in annual budget decisions and ensure alignment with the City's Five Year Financial Plan.

Figure 1: Budget Process Overview



## Roles and Responsibilities

The City Council develops the City's values, vision, mission, and goals with facilitation from the Finance Department. Separately, the Finance Department works with City department directors to develop

strategic objectives that can be implemented by staff to achieve the goals set forth by the City Council.

The public process (referred to as "Citizen Work Sessions") is conducted at least twice during the planning process – after the submission of the Citywide Business Plan and after the submission of the Annual Budget. At each interval, a series of forums are held in various locations throughout the City. Purposes of the forums are to discuss the Citywide Business Plan and to obtain citizen input that can be used to shape the next annual budget. Additional public sessions are conducted with various interest groups.

Partner	Role
Mayor and City Council	Adopt citywide vision, mission, goals, and objectives
City Departments	Develop strategic objectives to accomplish the adopted City Goals
Finance Department – Budget Office	Manage and develop citywide business plan and annual budget
Finance – Accounts Division	Prepare Financial Trends report to build expert knowledge of factors that impact performance and funding levels
Office of Performance Management	Draft, monitor, and report Key Performance Indicators
Office of City Communications	Coordinate public support and participation

## Resident Engagement

Public involvement in strategy development is crucial in order to legitimize the choices made to achieve structural balance and to ensure those choices reflect stakeholders' priorities and preferences for service levels. Citizens and the business community are customers of public services, owners by virtue of



# Citywide Business Plan

paying taxes and voting, and partners in working to achieve public goals. The top three priorities from the 2014-2015 Citizen Survey results are:

- maintain streets, sidewalks, and infrastructure
- improve public transportation
- enforce neighborhood property maintenance

Participants in this year's Citizen Work Session process largely echoed these priorities. The appendices at the end of this document provide the Citizen Work Session results and evaluations.

## Enhancements to the plan

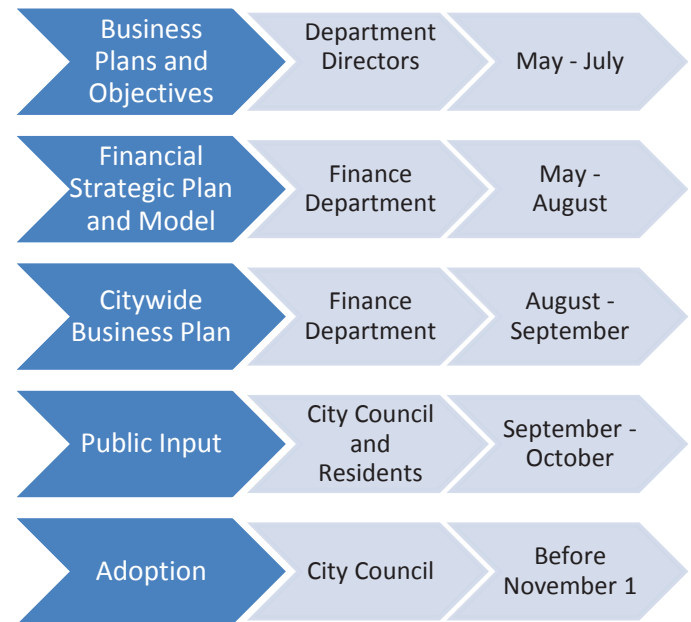
The planning process influences budget formulation by identifying financial parameters as part of the strategy to reach fiscal balance. The budget is then used to operationalize the Citywide Business Plan by implementing specific financial strategies, ensuring a match between the financial plan and evolving service demands, and linking operating, capital, and debt planning efforts.

Ongoing enhancements include:

1. Objectives selected by departments that are organized within City goals and include key dates.
2. A first step to link expenditures to City goals and to service outcomes, giving stakeholders a better understanding of a program's operations, the variables that affect funding levels, and the impact of funding decisions on service levels.
3. A new process for public review and comment on the proposed plan.

## Timeline

The City Charter requires that the annual plan be adopted by November 1 of each year.





# Environmental Scan

An Environmental Scan is a catalog of community needs and resources that encompasses economic and demographic characteristics such as population, employment, personal income, property value, and business activity. The needs and resources of a community are closely interrelated; changes in one trend affect the other, and the changes are often cumulative. Indicators can provide valuable information for financial forecasting. In addition, they can inform policies or practices to avert negative trends before they develop or become serious.

The Environmental Scan utilizes data and analysis from the U.S. Census Bureau and the City Planning and Development Department. Additional detail for these and other factors impacting performance and funding levels are evaluated in the City's annual Financial Trends Monitoring System (FTMS) report.

## Population

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Changes in population can directly affect the City budget, impacting tax collections and cost of services. An increasing population is generally considered positive. Because of the interrelationship between population levels, other economic and demographic data, and the high percentage of fixed costs, a decline in population is a warning trend. Rapid increases or decreases are also warning trends, as timely reaction to extreme and sudden change can be difficult.

The composition of the City's population including the population under 18 and over 64, and the percent of high school and college graduates can be important measures of community assets and liabilities. Subcomponents of population will demand, draw upon, and provide funding for city services in very different ways.

The 2014 population estimate for Kansas City reached 470,800, which represents 2.4 percent growth since the 2010 Census and 4.2 percent over the past ten years. Kansas City is the largest city in the Kansas City Metropolitan Area; the most

populous city in Missouri, the seventh largest city in the Midwest, and the 39<sup>th</sup> most populous city in the United States.

Much of the growth in Kansas City is concentrated towards the northern, southern, and eastern City limits, with expectations for more growth as those areas continue to develop. In the Northland, Clay County and Platte County have had particularly strong population increases. In the downtown area, population has more than doubled during the past 10 years and is expected to increase even more as the City continues housing construction with new dwelling units in the immediate vicinity in and around the Central Business District, especially in areas in proximity to the City's new streetcar line. Population losses in the central, urban core of the City, as well as older sections north of the river, continue a trend of the past several decades.

## Place

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Providing good infrastructure for new and existing residents and businesses is a serious concern. The City of Kansas City's geographic realities – a land area of 319 square miles, low densities, and dispersed development – are probably most to blame for the challenges related to development, maintenance, and refurbishment of infrastructure. Its expansive geography also makes it difficult for Kansas City to provide effective transit capacity and service for its residents. Another difficulty attributable to the City's enormous size is that basic services such as fire and police protection cost more per household, as does street maintenance, neighborhood preservation, and other essential services.

Housing in the City of Kansas City is comparatively affordable. The median price for existing homes (2009-2013) is \$134,600, while the median home value in Missouri is \$137,000.



# Environmental Scan

Property values in Kansas City have stayed relatively stable since fiscal year 2009. Missouri's Hancock Amendment limits both revenue windfalls and shortfalls. The maximum levy are allowed to increase by the lesser of the Consumer's Price Index or assessed value growth, not including new construction or a new voter approved levy increase. As a result, property tax revenue is mostly stable: when market value increases, levy rates are adjusted down; when market value decreases, levy rates are adjusted upward. Property values have grown faster than inflation and the population since fiscal year 2004, increasing by 18 percent in the past decade. However, this represents a growth of only 2 percent per year.

## Income

Income per capita and median household income are two measures of a community's ability to pay taxes. Generally, the higher the income levels, the more property taxes, sales taxes, income taxes, and business taxes the City can generate. If income is

### Kansas City's Enormous Land Mass

For a perspective on our City's expansive geography, consider that the land area of KCMO is larger than San Francisco, CA; Washington D.C.; Minneapolis, MN; St. Paul, MN; Miami, FL; Boston, MA; and Hartford, CT – **COMBINED!**

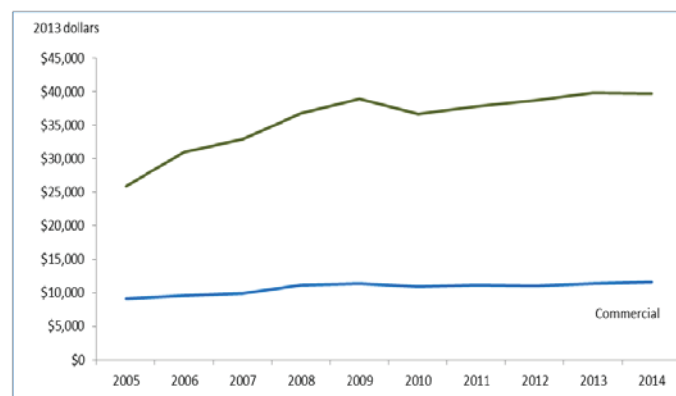
distributed evenly, a higher per capita income may mean a lower dependency on governmental services. A decline in per capita and household

income results in a loss of consumer purchasing power that in turn hurts retail business and can ripple through the rest of the local economy. Credit rating agencies use per capita personal income as a measure of the health of the local economy.

At \$27,282, the City's per capita income is slightly higher than the nationwide median for Aa-rated cities as reported by Moody's Investors Service. Income indicators are important for the City because of their relationship to sales and earnings taxes, the City's two largest single sources of revenue. In 2014, (U.S. Census) the current median household income in Kansas City is \$45,376, compared to \$47,764 in the State of Missouri and \$53,482 nationwide.

### Market Value of Taxable Real Property Per Capita

*Adjusted for Inflation*



The City's per capita income has kept pace with inflation and has increased in real terms by 36% while household income has increased in real terms by 19%, since fiscal year 2004. Income rebounded in fiscal year 2008, but gains were quickly lost as a result of the economic downturn. Since 2010, income has kept pace with, and in the most recent year, slightly exceeded inflation.

The percentage of individuals living below the poverty level peaked in 2012 to over 20 percent. The lowest level for this indicator over the ten year period occurred in years 2004 and 2009 at 16.4 percent. The current estimate of 19.4 percent remains well above this, and above the national

# Environmental Scan

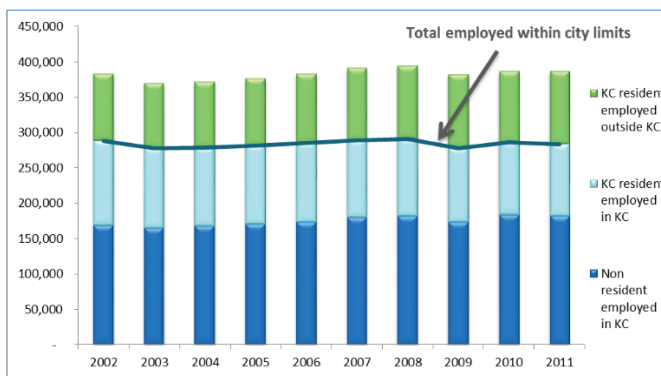
measures of 14.8 percent and the State of Missouri measure of 15.5 percent.

## Employment

Employment base is directly related to business activity and personal income. A growing employment base provides a cushion against short run economic downturns in one sector. A reduced percentage of employed citizens can be an early sign of an economic downturn, which would likely have a negative impact on government revenues. Credit rating agencies consider the employment base the primary measure of a city's ability to attract future economic growth and viability.

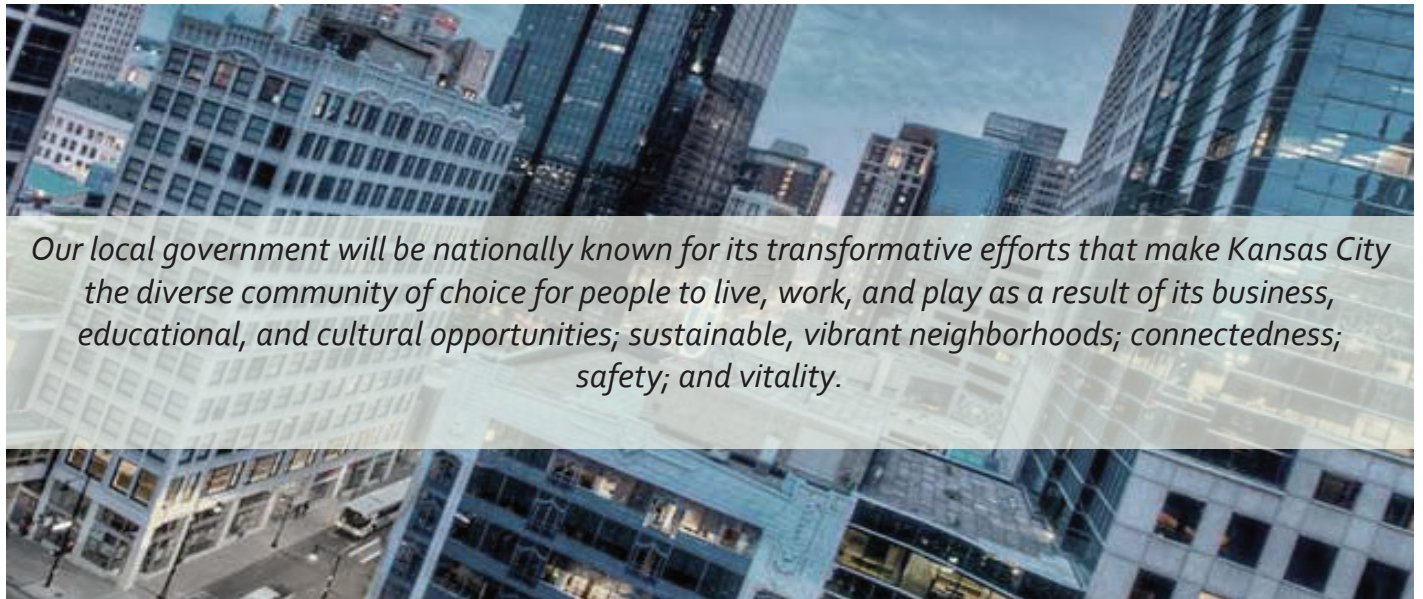
The earnings tax is the single largest revenue source for the City, and collections are a direct function of employment levels. Kansas City's total employment average growth rate in the last ten years have been at three percent.

### Employment Composition



Kansas City collects earnings tax on all persons working within the City limits, but also on every resident, regardless of where they work. That brings the total taxable employees to over 380,000. The tax base is almost evenly divided between residents and non-residents. Individuals pay 81 percent of the total with businesses contributing 19 percent.

# Vision Statement:



*Our local government will be nationally known for its transformative efforts that make Kansas City the diverse community of choice for people to live, work, and play as a result of its business, educational, and cultural opportunities; sustainable, vibrant neighborhoods; connectedness; safety; and vitality.*

## Council Goals:

### Customer Service

To create an internal culture that operationalizes the focus on the customer across all services provided by the City and supports essential internal and external communication.

### Finance and Governance

To strengthen, expand, and make judicious use of Kansas City's economic resources in order to achieve short-term and long-term economic prosperity.

### Neighborhoods and Healthy Communities

To support the development, maintenance, and revitalization of sustainable, stable, and healthy communities in which neighborhoods are safe, clean, well maintained, and consistently improved.

### Planning, Zoning, and Economic Development

To develop a vital economy where there is opportunity for growth, particularly in historically underdeveloped areas; citizens have opportunities for creating wealth and prosperity; and visitors consider Kansas City a desirable destination.

### Public Safety

To protect Kansas City residents, visitors, and employees by providing comprehensive, high quality public safety services, including programs to prevent or significantly reduce public safety problems and threats in a timely manner.

### Transportation and Infrastructure

To strengthen the transportation system and the City's physical infrastructure in ways that enhance connectivity among neighborhoods, business centers, and cultural/recreational destinations while maintaining the City's standing as the major American crossroads.



# Mission Statement:



*The City of Kansas City, Missouri is America's creative crossroads. We employ innovative strategies to effectively and efficiently provide customer focused public services, foster respect for all citizens, and develop sustainable healthy communities where all – from youth to seniors – prosper and are safe. We lead by envisioning and embracing new approaches; inspiring; collaborating; measuring progress; and celebrating success.*

## Values in ACTIONS

### Accountability

We hold ourselves accountable for our actions, are fiscally responsible, and provide high quality and efficient services to meet our community's needs.

### Customer Service

We maintain high standards in providing city services. We work with courtesy, respect, and responsiveness to meet our customer's needs.

### Technology

We are committed to using technology to improve and revitalize City government and services and advance timely achievement of performance-driven goals and objectives.

### Integrity

We believe in complete honesty in all that we do. We have a high standard of ethics and commitment to public service at all levels of City government.

### Organization

We recognize that our employees are critical to achieving our quality organization and excellent service record. We support employee development and opportunities for personal and professional growth.

### New Ideas & Risk = Innovation

We are open to new ideas as a basis for imaginative and resourceful problem solving. We encourage employees to initiate responsible risk-taking that transforms new ideas into innovative services.

### Sustainability

We pursue environmentally sustainable practices and policies, both through energy conservation and the promotion of environmentally responsible transportation and land use policies.

# COUNCIL GOAL: Customer Service

*To create an internal culture that operationalizes the focus on the customer across all services provided by the City and supports essential and external communication.*

## DEPARTMENTAL STRATEGIC OBJECTIVES

1. Standardize customer services responses and processes across departments, adhering to citywide customer services standards. (April 2017)
2. Require that all departments identify customers' expectations and perceptions via feedback tools such as surveys. (April 2017)
3. Adopt and execute a strategic communication plan to support the citywide business plan. (April 2017)
4. Apply an integrated and strategic approach to all communication efforts, both internal and external. (April 2017)
5. Continually seek innovative and creative ways to connect with residents. (Ongoing)

## CITIZEN PRIORITIES

As noted in the 2014-15 Annual Citizen Survey, there are significant increases in positive ratings for Kansas City as a place to live, raise children, and work. Overall satisfaction with city services continues to improve and 67 percent of those surveyed, who had an opinion, indicated they were satisfied with the quality of life in Kansas City, up from 63 percent in 2013-14. The overall image of the City has improved to 63 percent in 2014-15, from 57 percent in 2013-14. The two communication services that residents thought were the most important for the City to provide were: (1) the availability of information about city programs/services (51 percent satisfied) and (2) the overall usefulness of the city's website (49 percent satisfied).

Measures of Success	FY15 Actual	FY16 Target	FY17 Target
Percent of citizens satisfied with customer service from city employees	49.7%	52%	54%
Percent of customers satisfied with quality of department service on 311 service requests	83.3%	85%	85%
Percent of 311 service requests closed within established timeframes	74.1%	80%	80%
Percent of citizens satisfied with effectiveness of communication from city	45.6%	45%	47%

## FY15: Importance-Satisfaction: Overall

<u>Category of Service</u>	<u>Importance</u>	<u>Satisfaction</u>	<u>I-S Rank</u>	<u>I-S FY14</u>
Streets/Sidewalks/Infrastructure	54%	30%	1	1
Public Transportation	19%	39%	2	3
Neighborhood Services	20%	46%	3	4
Police Services	27%	66%	4	2
Stormwater Management System	14%	42%	5	5
Water Utilities	15%	60%	6	6
Parks and Recreation	14%	64%	7	10
City Communication	8%	46%	8	9
Customer Service	7%	50%	9	8
Fire/Ambulance Services	14%	77%	10	7
Solid Waste Services	9%	68%	11	11
Airport	7%	71%	12	13
Municipal Court	3%	45%	13	14
Health Department Services	4%	59%	14	12
311 Services	3%	63%	15	15



# COUNCIL GOAL: Finance and Governance

*To strengthen, expand, and make judicious use of Kansas City's economic resources in order to achieve short-term and long-term economic prosperity.*

## DEPARTMENTAL STRATEGIC OBJECTIVES

1. Develop and execute a strategy to reauthorize the earnings tax in 2016.
2. Integrate the City's strategic plan, long-term financial plan, and annual budget, and expand resident engagement and priority based budgeting. (Ongoing)
3. Develop an organizational standard of administrative, governance, and financial core competencies for employees by employing a combination of classroom and online training. (2017)
4. Make information about the City's performance, operations, and financial condition more transparent, user-friendly, understandable, and accessible to elected officials and the public. (Ongoing)
5. Maintain and strengthen the City's General Obligation AA credit rating through the Five-Year Financial Plan. (April 2020 and ongoing)
6. Improve safety, reduce risks, and reduce exposure to claims for residents, employees, and visitors by establishing citywide policies and processes to identify hazards; develop recommendations for abatement by level of risk; and track completion dates. (May 2016 and ongoing)
7. Identify the largest opportunities for cost savings and efficiencies through operational analyses, managed competition, and

performance indicators. (April 2017 and ongoing)

8. Continue to implement a equipment replacement program. (Ongoing)
9. Explore partnerships to expand sharing of public resources across government jurisdictions, such as Core 4. (June 2017)
10. Develop a plan of finance for potential improvements at the Kansas City International Airport. (2016)
11. Develop a comprehensive funding strategy for maintenance and capital improvements in conjunction with the renewal of the Capital Improvement Sales Tax in 2018 and a \$500 million General Obligation Bond authorization in 2016.

## CITIZEN PRIORITIES

As reported in the annual survey, 41.6 percent of citizens responded "satisfied" or "very satisfied" with the value received for city tax dollars and fees, up from 37 percent last year and 35 percent from the year before, and significantly higher than the first report in 2005 of only 25 percent.

<b>Measures of Success</b>	<b>FY15 Actual</b>	<b>FY16 Target</b>	<b>FY17 Target</b>
Percent of citizens satisfied with the value received for tax dollars	41.6%	44%	46%
General Fund unreserved fund balance as a percent of annual operating expenditures	12.29%	13.0%	14.4%
Percent of Actuarial Required Contribution to city pension systems	100%	100%	100%
Workers' compensation claim frequency rate (per 100 employees)	18	15	15
Percent of fleet within lifecycle (General Fund Departments)	48.7%	62%	74%
Number of open data sessions	156,313	171,945	189,140
Percent of citizens satisfied with effectiveness of city manager and appointed staff	51%	53%	55%

# COUNCIL GOAL: Neighborhoods and Healthy Communities

*To support the development, maintenance, and revitalization of sustainable, stable, and healthy communities in which neighborhoods are safe, clean, well maintained, and consistently improved.*

## DEPARTMENTAL STRATEGIC OBJECTIVES

1. Increase overall life expectancy and reduce health inequities in all zip codes. (2020)
2. Implement the Community Health Improvement Plan (KC-CHIP). (February 2016)
3. Introduce legislation to provide the City and local neighborhoods better control over the future of vacant properties as quickly as possible. (February 2016)
4. Support blight reduction efforts through legislative changes, collaborating with community partners, reducing illegal dumping and litter, and aggressively market Land Bank and KC Homesteading Authority property inventory. (Current and ongoing)
5. Update and improve the City's Dangerous Buildings demolition ordinance to ensure that demolition activities meet current legal standards. (September 2015)
6. Perform a housing condition survey. (July 31, 2017)
7. Improve access to locally grown, processed, and marketed healthy foods through programs such as KC Grow. (April 2016)
8. Implement services and other recreational activities outlined in community centers' business plans that have been targeted to the specific needs of each community. (Initial efforts – December 2015; then ongoing)
9. Enhance arts and cultural opportunities available in neighborhoods through Kansas City, Missouri. (2019)

## CITIZEN PRIORITIES

As noted in the 2014-15 Annual Citizen Survey, the highest levels of satisfaction with neighborhood services were: the quality of animal control (42 percent) and enforcing cleanup of litter, mowing weeds and exterior maintenance in neighborhoods (41 percent). Residents were least satisfied with property maintenance of vacant structures (21 percent). Parks and recreation services with the highest levels of satisfaction were: maintenance of city parks (73 percent) and maintenance of boulevards and parkways (67 percent). Residents were least satisfied with: the city's youth programs and activities (38 percent) and the city swimming pools and program (41 percent).

Neighborhood Services was the third highest priority of residents and had a 46 percent satisfaction rating. Parks and Recreation moved from tenth to seventh overall in the priority list and had 64 percent satisfaction.

Services recommended as top priorities were:

- Enforcing property maintenance of vacant structures and enforcing the clean-up of litter and debris on private property
- Preventing the spread of infectious diseases and the protection from new or unusual health threats
- Mowing and tree trimming along streets and other public areas



Measures of Success	FY15 Actual	FY16 Target	FY17 Target
Percent reduction in dangerous building inventory	--	10%	10%
Percent of Land Bank approvals closed within 45 days	--	80%	80%
Percent of citizens satisfied with access to healthy foods and active living	52.3%	54%	56%
Percent of citizens satisfied with programs and activities at city community centers	48.3%	50%	50%
Percent of citizens satisfied with the city's youth programs and activities	38.3%	50%	50%
Percent satisfied with cleanliness of city streets and other public areas	50%	52%	54%

## FY15: Importance-Satisfaction: Overall

Category of Service	Importance	Satisfaction	I-S Rank	I-S FY14
Streets/Sidewalks/Infrastructure	54%	30%	1	1
Public Transportation	19%	39%	2	3
<b>Neighborhood Services</b>	<b>20%</b>	<b>46%</b>	<b>3</b>	<b>4</b>
Police Services	27%	66%	4	2
Stormwater Management System	14%	42%	5	5
Water Utilities	15%	60%	6	6
<b>Parks and Recreation</b>	<b>14%</b>	<b>64%</b>	<b>7</b>	<b>10</b>
City Communication	8%	46%	8	9
Customer Service	7%	50%	9	8
Fire/Ambulance Services	14%	77%	10	7
Solid Waste Services	9%	68%	11	11
Airport	7%	71%	12	13
Municipal Court	3%	45%	13	14
<b>Health Department Services</b>	<b>4%</b>	<b>59%</b>	<b>14</b>	<b>12</b>
311 Services	3%	63%	15	15

# COUNCIL GOAL: Planning, Zoning, and Economic Development

*To develop a vital economy where there is opportunity for growth, particularly in historically underdeveloped areas; citizens have opportunities for creating wealth and prosperity; and visitors consider Kansas City a desirable destination.*



## DEPARTMENTAL STRATEGIC OBJECTIVES

1. Create and implement aggressive neighborhood revitalization plans that are consistent with Kansas City's comprehensive, long-range economic and physical growth plans with special attention to sustainable development projects or projects in historically underdeveloped corridors and neighborhoods. (2018)
2. Implement the City's long-range economic strategic plan utilizing the recommendations of the AdvanceKC strategic plan. (Tune up: 2017)
3. Implement programs that foster small business growth and development. (2016)
4. Implement the City Planning and Development Service Improvement Plan in order to streamline business processes and systems. (2017)
5. Enhance Kansas City as a destination for leisure and business travel through aggressive promotion of our community and continued investment in the City's convention and entertainment facilities. (Ongoing)
6. Prepare the airport terminals at Kansas City International Airport (KCI) to meet and exceed the future needs and requirements for our customers and tenants to make KCI a world-class airport. (Ongoing)
7. Utilize arts-based strategies to support the creative sector in fostering economic and community development. (2017)

8. Increase support for economic prosperity of the creative sector. (Ongoing)
9. Develop a digital inclusion strategic plan for the City's part in the Kansas City Coalition for Digital Inclusion. (May 1, 2016)
10. Analyze the current and historic use of incentives in Tax Increment Financing (TIF), Land Clearance for Redevelopment Authority (LCRA), Chapter 353 Program, and Planned Authority Expansion Authority (PIEA) areas to determine the ongoing need for development assistance. (2017)

## CITIZEN PRIORITIES

As reported in the most recent business survey, the top four business location factors that are *not* being met are: safety and security, streets and roads, public safety services, and utility/telecomm infrastructure.

According to the 2014-15 Annual Citizen Survey, 73 percent were satisfied with the ease of moving through airport security and 70 percent were satisfied the cleanliness of facilities. The two airport services residents thought were most important were: (1) price of parking (50 percent satisfied) and (2) food, beverage, and other concessions (42 percent satisfied).

Measures of Success	FY15 Actual	FY16 Target	FY17 Target
Percent of businesses rating the City as an excellent or good place to do business	65.1%	67%	69%
Percent of businesses satisfied with overall quality of services provided by the City	60.1%	62%	64%
Hotel room nights booked due to convention center activity	170,359	200,000	200,000

## FY15: Importance-Satisfaction: Overall

<u>Category of Service</u>	<u>Importance</u>	<u>Satisfaction</u>	<u>I-S Rank</u>	<u>I-S FY14</u>
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Solid Waste Services	9%	68%	11	11
<b>Airport</b>	<b>7%</b>	<b>71%</b>	<b>12</b>	<b>13</b>
Municipal Court	3%	45%	13	14
Health Department Services	4%	59%	14	12
311 Services	3%	63%	15	15



# COUNCIL GOAL: Public Safety

*To protect Kansas City residents, visitors, and employees by providing comprehensive, high quality public safety services, including programs to prevent or significantly reduce public safety problems and threats in a timely manner.*

## DEPARTMENTAL STRATEGIC OBJECTIVES

1. Reduce crime among all age groups. (Ongoing)
2. Retain an actively involved Community Prosecution unit within the City Prosecutor's Office to work with community organizations and leaders of the East and Central Patrol districts as an active resource in the struggle to combat and reduce crime. (Ongoing)
3. Reduce the impact of frequent/chronic users of public safety resources by partnering with service providers and educating property owners. (January 2017)
4. Maintain and enhance public safety capabilities to respond efficiently and effectively to natural/manmade disasters through the use of new technology and existing resources. (Ongoing)
5. Prevent animal-related threats to public safety and support animal welfare through improved pet license compliance, education, and effective animal response operations. (Ongoing)
6. (A) Administer expedient and impartial justice by improving the docket system for scheduling cases and for the timely disposition of cases. (May 1, 2016)  
(B) Place appropriate matters in the relevant specialty court by enhancing communication and partnerships in the administration of justice. (Ongoing).
7. Coordinate between public safety departments, the Finance Department's Budget Office, and the Office of Performance Management to provide outcome-driven measures for specific programs. (October 2016)
8. Increase collections for Emergency Medical Services (EMS) by implementing key performance measures to ensure efficient revenue collection. (Ongoing)
9. Improve advanced life support (ALS) response time by converting basic life support (BLS) companies to ALS companies without the need for additional staffing. (Five (5) companies annually for five years)
10. Introduce/support state legislation to enable increased revenue for EMS and dispatch services. (May 2016)

## CITIZEN PRIORITIES

According to the 2014-15 Annual Citizen Survey, 66 percent of respondents indicated that they were satisfied with the feeling of safety in their neighborhood, 77 percent were satisfied with the overall quality of local fire protection and rescue, and 79 percent were satisfied with how quickly fire and rescue personnel respond to emergencies.

Police Services decreased from 2<sup>nd</sup> to 4<sup>th</sup> in the importance-satisfaction ranking while public transportation and neighborhood services become a higher priority for citizens. Fire/Ambulance Services also decreased from 7<sup>th</sup> to 10<sup>th</sup>.

The two police services that residents thought were the most important for the City to provide were: (1) the City's overall efforts to prevent crime (51 percent satisfied) and (2) the visibility of police in neighborhoods (49 percent satisfied). The two fire and emergency medical services that residents thought were the most important for the City to provide were: (1) how quickly fire and

rescue personnel respond to emergencies (79 percent satisfied) and (2) how quickly ambulance personnel respond to emergencies (75 percent satisfied).

Measures of Success	FY15 Actual	FY16 Target	FY17 Target
Total crimes against persons	11,978	11,379	10,809
Percent of citizens satisfied with the city's overall efforts to prevent crime	50.5%	52%	54%
Percent of citizens satisfied with quality of local emergency medical service	75.9%	78%	80%
Percent of cardiac arrests (vfib/vtac rhythm) with return of spontaneous circulation (ROSC)	22%	30%	30%
Percent of pets licensed	11%	10%	11%
Percent of traffic cases disposed within 90 days	82%	85%	85%

## FY15: Importance-Satisfaction: Overall

Category of Service	Importance	Satisfaction	I-S Rank	I-S FY14
Streets/Sidewalks/Infrastructure	54%	30%	1	1
Public Transportation	19%	39%	2	3
Neighborhood Services	20%	46%	3	4
<b>Police Services</b>	<b>27%</b>	<b>66%</b>	<b>4</b>	<b>2</b>
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311 Services	3%	63%	15	15

# COUNCIL GOAL: Transportation and Infrastructure

*To strengthen the transportation system and the City's physical infrastructure in ways that enhance connectivity among neighborhoods, business centers, and cultural/recreational destinations while maintaining the City's standing as the major American crossroads.*

## DEPARTMENTAL STRATEGIC OBJECTIVES

1. Develop asset-specific plans to maintain City infrastructure to maximize useful life. (June 2017)
2. Implement the Envision Sustainable Infrastructure Rating System in all infrastructure planning and projects to maximize sustainable development solutions. (through 2019)
3. Develop and increase access to multi-modal transportation options such as buses, bicycle lanes, trails, sidewalks, and the streetcar system. (through 2019)
4. Create a plan to implement strategic infrastructure investments in the Twin Creeks area that capitalizes on natural features, promotes unique development patterns, builds civic space, and promotes sustainable design and construction. (through 2019)
5. Execute consent decree requirements for the overflow control program. (Ongoing)
6. Continue to implement the City's adopted climate protection plan. (Ongoing)
7. Increase the waste diversion rate through policies and programs that promote recycling and reuse. (2016)
8. Monitor and maintain the timeliness of water main repair and restoration. (Ongoing)
9. Implement an American with Disabilities Act (ADA) Plan to meet the Department of Justice's requirements. (Ongoing)
10. Facilitate the development and use of facilities, venues, and spaces for diverse arts activity throughout the City. (Ongoing)

## CITIZEN PRIORITIES

A combination of low satisfaction and high importance means citizens ranked maintenance of streets, sidewalks, and infrastructure as the City's highest priority. Public transportation was the second highest priority, jumping up from being the third highest priority the year before. Residents were 30 percent satisfied with the condition of streets and 19 percent satisfied with public transportation. A high percentage of respondents identified these areas as services the City should emphasize over the next two years.



Measures of Success	FY15 Actual	FY16 Target	FY17 Target
Percent of street segments rated average or better (PCI)	--	60%	28%
Percent of bridges rated good or excellent (Bridge Condition Rating)	77%	79%	70%
Percent of citizens satisfied with overall maintenance of city streets, sidewalks, and infrastructure	30.2%	28%	32%
Percent of citizens satisfied with overall quality of public transportation	39.4%	41%	43%
Percent of citizens satisfied with maintenance of boulevards and parkways	67.3%	75%	75%
Greenhouse gas emissions from municipal operations (Thousand MT CO <sub>2</sub> e)	284	292	286
Days to complete 90% of water main repairs and restorations	24	30	30
Trash Tonnage Collected	88,590	86,818	85,082

## FY15: Importance-Satisfaction: Overall

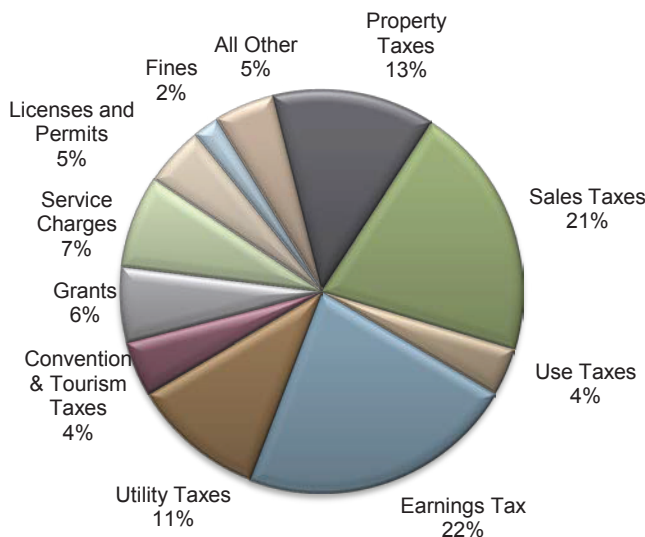
Category of Service	Importance	Satisfaction	I-S Rank	I-S FY14
<b>Streets/Sidewalks/Infrastructure</b>	<b>54%</b>	<b>30%</b>	<b>1</b>	<b>1</b>
<b>Public Transportation</b>	<b>19%</b>	<b>39%</b>	<b>2</b>	<b>3</b>
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Health Department Services	4%	59%	14	12
311 Services	3%	63%	15	15



# FY 2015-16 Financial Highlights

## General Municipal Revenues: \$943.8 million

The City's current revenue structure is diversified and generally sound, drawing upon a variety of taxpayer types (resident/non-resident, individual/business) and tax base options (property, sales, earnings, utilities). No single source provides more than a quarter of total revenues. Property taxes are relatively low, and a majority of other revenues are partially paid by non-residents using City services, easing the overall burden on Kansas City's taxpayers.



## Earnings and Profits Tax: \$211.1 million

The City levies a one percent Earnings and Profits Tax on employee gross compensation and business net profits. The tax applies to all residents of Kansas City, Missouri, regardless of where they work, and to the earnings of non-residents working within City limits.

*Earnings Taxes fund 22% of General Municipal functions, and 42% of the General Fund.* A potential threat to this important revenue source is Proposition A, which requires earnings tax renewals every five years. Although Kansas City residents overwhelmingly approved a five-year extension through December 2016, the City's long-term financial health is vulnerable to renewal requirements of this critical source of operating funds.

## Sales and Use Tax: \$229.6 million

Some of the individual components of the City's Sales and Use Tax rate of 2.875% have broader statutory authority than others, but all uses are currently limited by City ordinance or dedicated by voter approval to specific purposes.

A potential threat to this important revenue source is the growing trend of online sales. The City is not authorized to collect taxes on internet transactions unless the seller has a nexus in Kansas City, Missouri. Economic factors impacting sales and use tax revenues include inflation, income, the cost of consumer credit, and changes in retail development.

## Property Tax: \$123.1 million

The Hancock Amendment requires an annual levy certification that limits both revenue windfalls and shortfalls. The maximum levy rates are allowed to increase by the lesser of the Consumer Price Index or assessed value growth, not including new construction or a new voter approved levy increase. As a result, property tax revenue is mostly stable: when market value increases, levy rates are adjusted down; when market value decreases, levy rates are adjusted up.

## Franchise Fees: \$100.4 million

Franchise fees are assessments, based upon gross receipts, for electricity, natural gas, land-line telephone, wireless telephone, cable and steam utility companies. The City's franchise fees collections are dependent on utility rate increases granted by the Public Service Commission for electric and natural gas. Other factors that affect franchise fee revenue include consumption patterns (energy conservation and "green" initiatives), weather conditions, number of customers, competition (mostly in telephone and cable industry) and statutory exemptions.



# FY 2015-16 Financial Highlights

## Economic Incentive Redirections: \$54.4 million

Kansas City has benefitted from revitalization efforts that have been spurred by Tax Increment Financing (TIF) and Super TIF (STIF) agreements. Under these development agreements, the City transfers (redirects) some combination of economic activity taxes (EATS) and payments in lieu of taxes (PILOTS) to reimburse qualified development expenditures. Redirections of revenue are justified by a “but for” test: the development and resulting tax revenue would not have materialized “but for” the use of TIF/STIF. Redirections have nearly tripled in the last 10 years and in fiscal year 2015-16 they represent 8.7 percent of gross tax revenues.

## Tax Burden

The City’s diverse revenue structure spreads the tax burden across businesses, residents, non-residents working in Kansas City, and visitors, each of whom benefit from and consume public services (horizontal equity). Generally, businesses taxes are low compared to national averages. Kansas City ranks high nationally with regard to state and local combined individual tax burden for most income groups (vertical equity).

After many failed attempts to find equitable and affordable remediation to the high tax burden on the City’s most vulnerable population, the Citizens Commission on Municipal Revenue recommended that policymakers focus investments on improving the quality of life for those at the lowest income levels.

### Revenue Growth Rates for Five-Year Model

Staff recommends the following growth rates for the five-year planning model, based on historical trends, statistical modeling, and expert opinion:

Earnings: 2.5%

Sales: 1.5%

Property: 1.5%

Franchise Fees: 3.5%

Tourism and Leisure: 1.5%

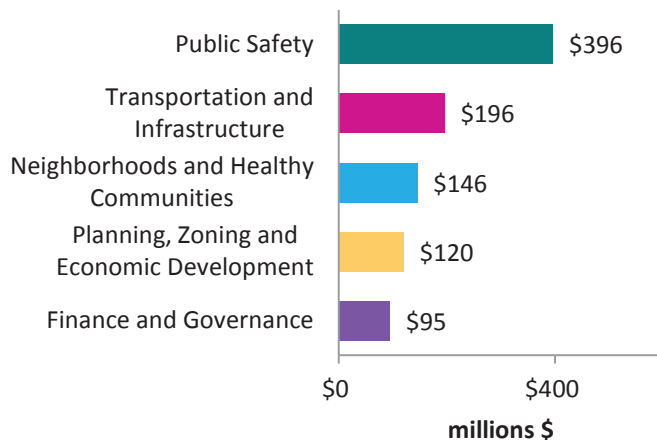
# FY 2015-16 Financial Highlights

## Governmental Activities: \$952.8 million

**General Fund Expenditures: \$492.1 million plus \$39.5 million transfers out**

Governmental Activities Funds provide programs and services paid for by taxes, fees, and service charges such as Police, Fire, Public Works, Parks and Recreation, Neighborhoods and Health. Governmental Activities Funds do not include the Aviation and Water Services Departments, which are wholly contained in Business-Type Funds.

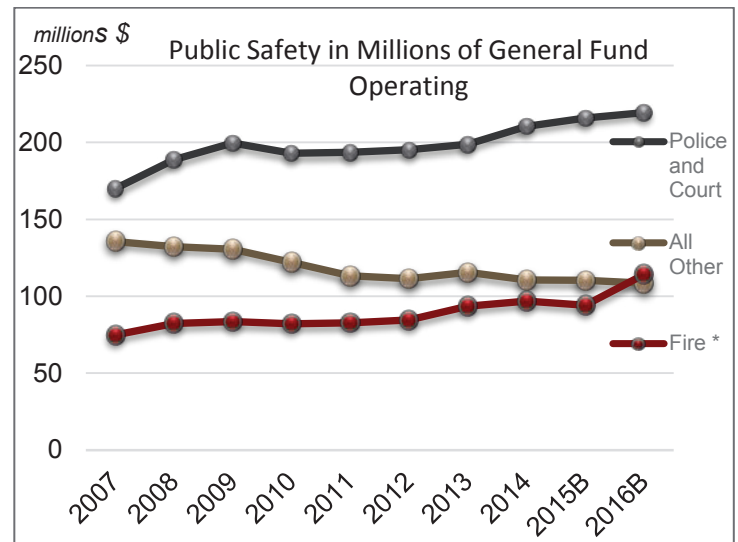
Within the budget document departments are organized by Council priorities. The largest category in Governmental Activities is Public Safety, representing more than 42% of the total.



The majority of Public Safety expenditures are budgeted in the City's main operating fund, the General Fund, and there comprise more than 73% of the total.

## Public Safety: \$396.2 million

Public Safety is the largest category, and one of the fastest growing activities. A significant shift in spending priorities to public safety in the last 10 years has impacted the City's ability to address long-term liabilities and other critical non-public safety functions.

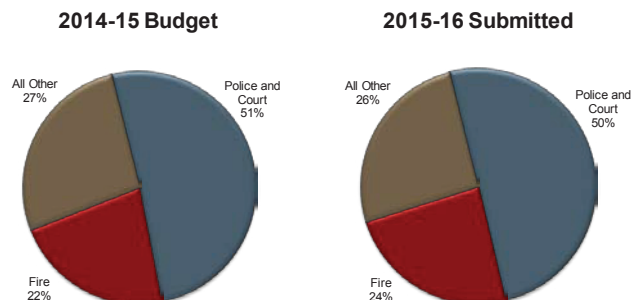


\* in order to compare to prior years, 2016B does NOT include ambulance services, which were transferred from a Special Revenue Fund in the Submitted Budget

In his 2015-16 Budget Transmittal Letter, the City Manager highlighted the move of Ambulance Services to the General Fund. Public Safety remains the largest area of expense within Governmental Activities, occupying 42 percent of the total, which is unchanged from last year. The Public Safety portion of the General Fund increased from 73 percent to 74 percent even after discounting ambulance program revenues.

## General Fund Activities Net of Ambulance/Fire Sales Tax

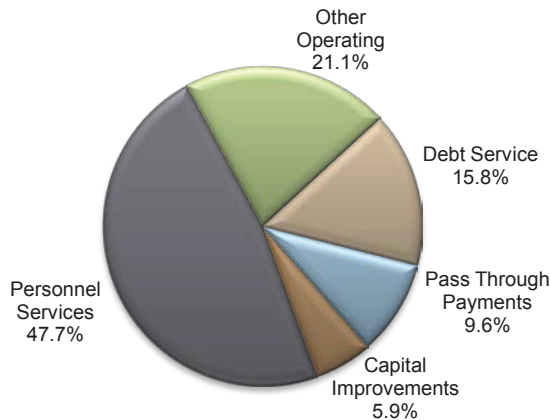
Operating only, excluding transfers out



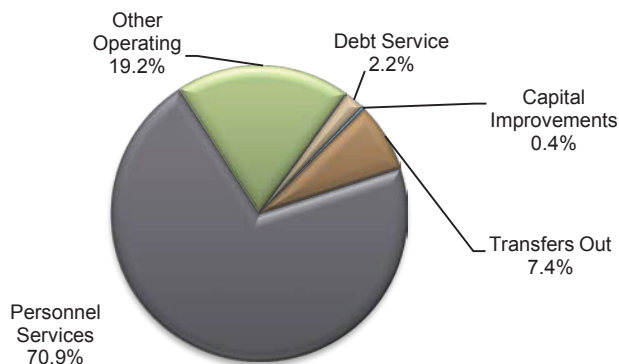
# FY 2015-16 Financial Highlights

## Expenditures by Appropriation Unit

Personal Services (wages and benefits) account for 47.7 percent of total expenditures, funding 3,414.4 public safety employees and 1,787.4 non-public safety positions.



In the General Fund, salaries and benefits comprise more than two-thirds of total expenditures. Changes in any of these categories have a significant impact on the City's bottom line.



## Expenditure Growth Rates for Five-Year Model

Based on historical trends and negotiated increases, the model uses the following:

Wages: 2.0%

Employer health contributions: 10%, 5% thereafter

Full funding of the Actuarial Required Contribution (ARC) for pension benefits

## Capital Improvements and Infrastructure Maintenance

The decline of physical assets such as streets and buildings have far-reaching effects on business activity, property values, and operating expenditures. Detailed budget data and performance measures can be used to measure expenditures and deferrals by asset type, and gauge citizen satisfaction with asset condition.

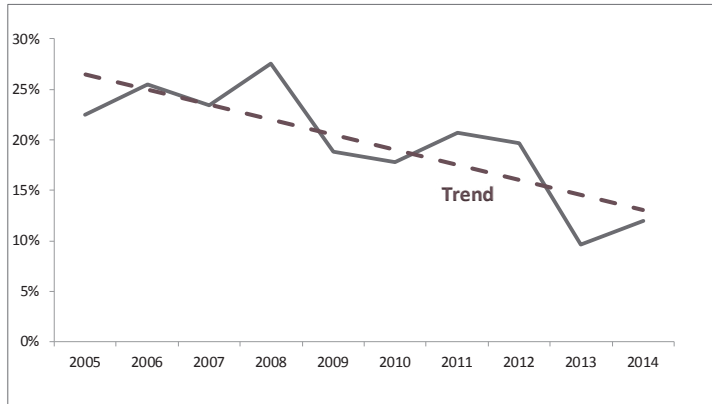
Kansas City has had too many years of deferred maintenance. Those decisions to under-fund basic services and infrastructure mean the City now faces an exponentially growing gap between sources and needs. The FY 2015-16 Budget includes a total of \$55.3 million for capital improvements in Governmental Activities and a total of \$30.2 million for ongoing capital maintenance. The trend for capital investment slopes down since 2005. Capital investment as a percentage of total expenditures fell sharply in 2009 and has failed to return to the previous levels of 2005 through 2008, a strong indicator that deferrals are accruing.

The City needs a disciplined approach to funding infrastructure maintenance, or risk facing this same costly backlog again.

# FY 2015-16 Financial Highlights

## Capital Expenditures

*as a percent of General Government Expenditures*







# Financial Strategic Objectives

The Citywide Business Plan is the City Manager's playbook to execute the City Council goals through a series of objectives. The *Financial Strategic Plan* and the corresponding five-year planning model is the financial document, or blueprint, to ensure fiscal sustainability.

**Fiscal Sustainability:** Much like its namesake in environmental policy, fiscal sustainability is a series of policies, procedures, and practices that allow the city to achieve its priorities and maintain its service levels in primary outcomes while not overextending or depleting its resources. In essence, fiscal sustainability means maintaining a sound fiscal environment. Fiscal sustainability in Kansas City includes several City Council-adopted financial policies that provide benchmarks to ensure solvency. The adopted policies include:

- Fund Balance and Reserves
- Structurally Balanced Budget
- Revenue
- Debt
- Investment

**Financial Objectives:** The 2016-2021 Financial Strategic Plan adopts the following financial management strategies to meet Council goals.

**Fund Balance and Reserves Objectives** (City of Kansas City, Missouri Code of Ordinances, Chapter 2, Article XIV, Sec. 2-1951)

1. Achieve within five years a General Fund Unreserved Fund Balance of at least two months operating expenditures.
2. Set guidelines for each fund or fund type's balance and/or reserve levels.

**Structurally-Balanced Budget Objectives** (City of Kansas City, Missouri Code of Ordinances, Chapter 2, Article XIV, Sec. 2-1900)

3. Adopt ratios for an optimal mix of infrastructure financing methods that protects the City's investment, minimizes future replacement and maintenance costs, and ensures continued service.

4. Develop a policy to guide the financial actions the City shall take in the event of emergencies, natural disasters, downturns in the economy, or other unexpected events.
5. Adopt a model portfolio of services and adjust the City's expenditure ratios as needed to maintain portfolio balance.

**Revenue objectives** (City of Kansas City, Missouri Code of Ordinances, Chapter 2, Article XIV, Sec. 2-1970)

6. Ensure that fee-supported services are self-supporting the extent practicable.
7. Develop an annual tax burden study.

**Debt objectives** (City of Kansas City, Missouri Code of Ordinances, Chapter 2, Article XIV, Sec. 2-1990)

8. Adopt debt issuance target ratios.
9. Ensure "new money" bond issues are supported by new revenue sources.

**Investment objectives** (City of Kansas City, Missouri Code of Ordinances, Chapter 2, Article XIV, Sec. 2-1950)

10. Attain a market rate of return throughout budgetary and economic cycles, taking into account the City's investment risk constraints and liquidity needs.

**Strategic planning objectives**

11. Develop multi-year business/strategic plans for each department that meet service goals while staying consistent with financial realities.
12. Link budget allocations to measured service levels.
13. Ensure the actuarial soundness of the City's pension systems.
14. Address other post-employment benefits liability through either plan design changes, direct funding, or both.

# Five-Year Planning Model

The purpose of financial planning is to reduce the likelihood of resorting to worst-case financial alternatives. The **Five-Year Planning Model** is used to monitor long-term financial health, illustrate the impact of policy decisions and potential trends, and create a common set of assumptions and expectations. The *baseline scenario* begins with City Goals and Objectives based on what we know: the FY 2015-16 Adopted Budget, revenue forecast assumptions, and known changes in expenditures. The baseline scenario is then recast to the *balanced scenario* to reflect what the City Council wants to achieve:

- Improved financial health
- Improved service delivery in selected areas
- A balanced portfolio reflecting the goals objectives.

With a five-year planning model the City can:

- assess the current environment and respond to changes;
- estimate the long-term financial implications of current and proposed policies;
- illustrate the likely financial outcomes of particular courses of actions;
- develop commitment to the organization's vision and mission, and achieve consensus on strategies and objectives for achieving that mission.

The model forecasts both revenue and expenditures, but in very different ways.

## Revenues

The question answered in a five-year planning model related to revenues is: What is the likely level of resources the City can expect given certain changes in economic and demographic variables? Revenues are impacted by a myriad of variables largely outside the City's control. Finance Department staff estimates those variables to correlate them to anticipated revenue collections. These revenue models provide a range of future growth rates that are then used to estimate the level of funding

available for budget deliberations. Growth rates also inform the model.

## Expenditures

The question answered in a five-year planning model related to expenditures is: What changes in funding and/or service levels are required to meet our highest priorities? Expenditures are impacted by economic and demographic variables, but expenditure levels can be controlled through management decisions. Because the City is required to adopt a balanced budget each year, expenditures are matched to available resources.

## Scenarios

Traditional forecasting practice is to present current expenditures times a growth rate (for example, each department can increase the budget by 3 percent). Implied in this growth rate are assumptions for inflation, population changes, and expectations for service demand.

The model generates alternative "what if" scenarios based on varying assumptions for population, inflation, mandates, number of employees, salary increases, health care costs, capital requirements, and many more. Although it is common practice to develop pessimistic, optimistic and "most likely" scenarios, *planning is more valuable when scenarios chosen are all equally plausible*. This allows strategic decisions to be tested against likely outcomes, not potential extremes. And this approach reinforces the idea of the model as a planning tool that can produce financial strategies that work under any scenario.

Scenarios can highlight strengths and weaknesses across a variety of outcomes. Scenarios will not predict what *will* happen, but will provide the flexible thinking required to respond *if* something happens. Results are summarized by graphs, benchmarked to City financial policies.

## 2016-2021 Model Scenarios

For purposes of this report, staff modeled changes in revenue, expenditure, and debt assumptions to produce a Baseline Scenario and a Balanced Scenario.

# Five-Year Planning Model

The **Baseline Scenario** estimates the impact on financial ratios based on “what we know”: future assumptions with high probability and plausibility.

The **Balanced Scenario** demonstrates changes in revenue, expenditures, and debt assumptions that, if implemented, would achieve the City’s financial objectives to:

- achieve a structurally balanced budget
- develop a time-specific funding plan to meet the City’s adopted goal of maintaining a fund balance of at least two months’ worth of expenditures

**Critical Values:** Scenarios focus decisions on *critical values* – those are that are likely to have large impacts on a scenario. Generally, critical values are items that are at least +/- \$500,000 in any one year, or \$2,000,000 over the five year period.

Workforce costs are critical values, because municipal government is labor intensive. It takes people to respond to emergencies, maintain streets, and deliver municipal services. Wage and benefit costs represent more than two-thirds of overall General Fund spending in the FY 2015-16 Budget, and must be addressed thoughtfully as part of long-range financial planning. Growth rates for health and pension costs, representing more than 20% of the total General Fund budget, have been one of Kansas City’s primary “budget busters” and are projected to continue to pressure the City’s finances.

## Link to the Budget

The model influences budget formulation by identifying financial parameters as part of the strategy to reach fiscal balance. The budget is then used to operationalize the financial plan by implementing specific financial strategies, funding service level preferences, identifying a set of spending assumptions, and linking operating, capital, and debt planning efforts. A successful plan is supported by strong guidance from the City Council on what the organization values and believes to be important as expressed through official policy.

**Because the model is built to be flexible, staff anticipates annual enhancements to ensure a match between the financial plan and evolving service demands.**



## FISCAL YEARS ENDED 2016-2021 FINANCIAL PLAN

*Scenario Description: Baseline*



# Fiscal Years Ended 2016 - 2021 Financial Plan

## *Scenario Description: Baseline*

### Budget Assumptions:

- Budget variance, FY 2015-16 Submitted Budget, +1.0% revenues, -1.0% expenditures.
- Earnings taxes is renewed for five more years beginning in FY 2017-18
- No new employees throughout the forecast period.
- Employer contributions to health insurance increase 10% in FY 2016-17; 5% thereafter.
- Pension contributions reflect October 2015 actuary reports with two percent annual increases
- Annual salary increases of 2.0%, FY 2016-17 to FY 2020-21.

### Expenditure Changes:

- Operational *increase* for Police (\$2 million)
- One time *increases* to Fire Department for EMS overtime
- Fire Department *decrease* for one Fire "N Day" in 2017 and an additional N Day in 2018
- Debt Service *increase* in General Fund for Fire Apparatus beginning in FY 2018-19
- Debt Service *increase* in Capital Imp. Fund for accelerated "shovel ready" projects
- Debt Service *increase* for downtown development (Two Light), Performing Arts Center Garage, other garages
- Continued vehicle replacement in Fire, Streets and Traffic, and Parks and Recreation

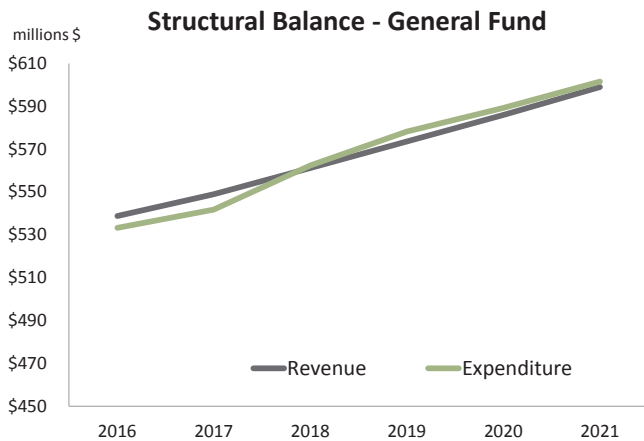
### Revenue Changes

- Municipal Court revenue *decrease* to match FY 2015-16 projected

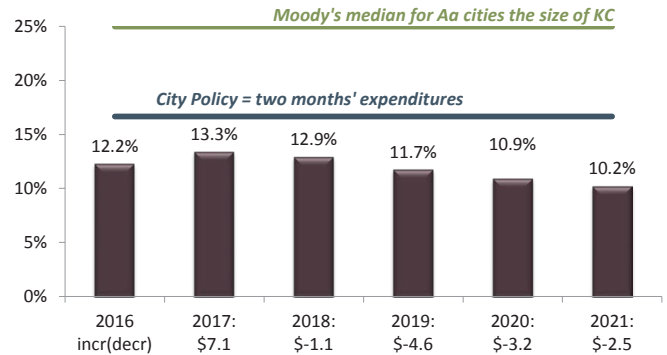
## *Highlighted Service Level Statistics*

	2016	2017	2018	2019	2020	2021
<b>General Fund structural balance</b>	1.01	1.01	1.00	.99	.99	1.00
target:	1.00	1.00	1.00	1.00	1.00	1.00
Annual Revenue Growth		1.9%	2.2%	2.2%	2.2%	2.2%
Annual Expenditure Growth		1.6%	3.8%	2.8%	1.9%	2.1%
<b>General Fund fund balance</b>	12%	13%	13%	12%	11%	10%
target:	17%	17%	17%	17%	17%	17%
<b>Public Safety as a percent of General Fund operating</b>	73%	73%	73%	73%	73%	73%
<b>PAYG Streets and Other Capital</b>						
Current Funding Level	\$79.1	\$75.6	\$74.5	\$79.0	\$80.6	\$80.7

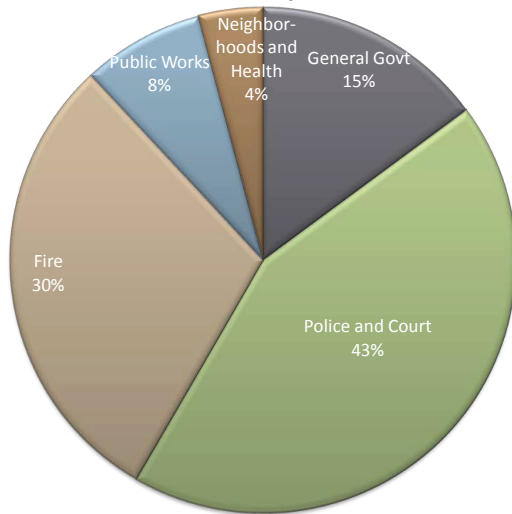
## Fiscal Years Ended 2016 - 2021 Financial Plan



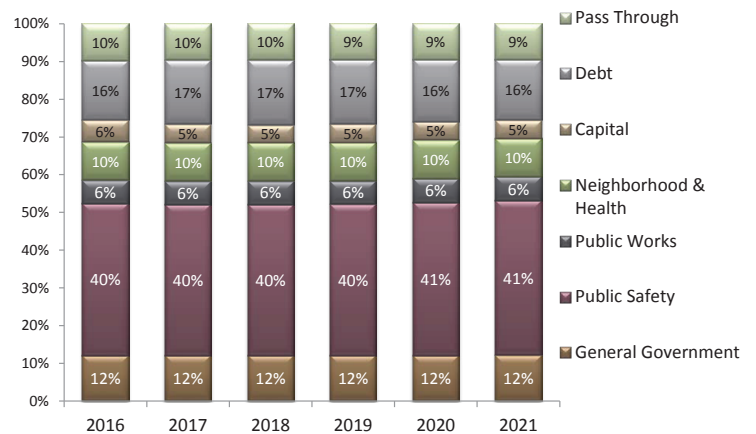
### Reserves - General Fund as a percent of operating expenditures



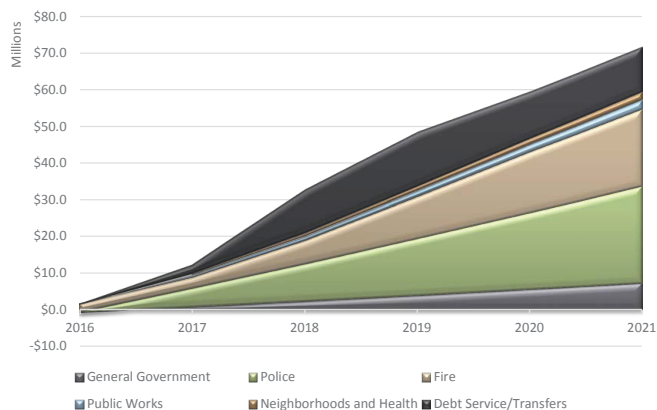
### General Fund Expenses: 2021



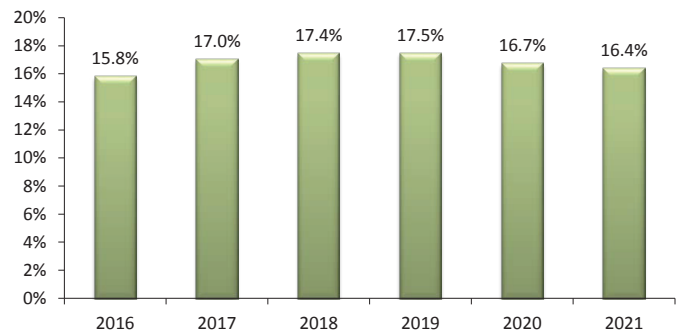
### Allocation by Program - General Municipal Funds



### General Fund Change from FY 2015-16 Adopted



### Debt Service as a percent of Governmental Activities



## Fiscal Years Ended 2016 - 2021 Financial Plan Assumptions

		<i>Annual</i>				
	2016 estimated	2017	2018	2019	2020	2021
<b>Demographic Assumptions</b>						
2016 estimated population	470,800					
Population growth		0.5%	0.5%	0.5%	0.5%	0.5%
<b>Revenue Assumptions</b>						
Budget variance	1.0%					
Earnings Tax						
Rate		1.0%	1.0%	1.0%	1.0%	1.0%
Annual Increase		2.5%	2.5%	2.5%	2.5%	2.5%
Sales Tax						
Rate		2.875%	2.875%	2.875%	2.875%	2.875%
Annual Increase		1.5%	1.5%	1.5%	1.5%	1.5%
Property Tax						
Mill Levy		1.5997	1.5997	1.5997	1.5997	1.5997
Annual Increase		1.5%	1.5%	1.5%	1.5%	1.5%
Utility Franchise Increase		3.5%	3.5%	3.5%	3.5%	3.5%
<b>Employee Assumptions</b>						
Annual employee additions (deletions)	-	-	-	-	-	-
<b>Employees (FTE's) per 1,000 Population</b>						
General Government	10.6	10.5	10.5	10.4	10.4	10.3
Police Uniform	1.5	1.5	1.5	1.4	1.4	1.4
Police Civilian	3.1	3.1	3.1	3.0	3.0	3.0
Police Civilian	1.4	1.4	1.4	1.4	1.4	1.4
Municipal Court	0.2	0.2	0.2	0.2	0.2	0.2
Fire Uniform	2.1	2.1	2.0	2.0	2.0	2.0
Fire Civilian	0.7	0.7	0.7	0.7	0.7	0.7
Public Infrastructure	0.2	0.2	0.2	0.2	0.2	0.2
Neighborhoods and Health	1.5	1.5	1.5	1.4	1.4	1.4



## Fiscal Years Ended 2016 - 2021 Financial Plan Assumptions

		<i>Annual</i>				
	2016 estimated	2017	2018	2019	2020	2021
<b>Expenditure Assumptions</b>						
Budget variance	-1.0%					
Marginal Cost as a percent of Average Cost		70%	70%	70%	70%	70%
General Government						
Salaries		2.0%	2.0%	2.0%	2.0%	2.0%
Insurance-Health		10.0%	5.0%	5.0%	5.0%	5.0%
Operating		2.0%	2.0%	2.0%	2.0%	2.0%
Police						
Salaries		2.0%	2.0%	2.0%	2.0%	2.0%
Insurance-Health		10.0%	5.0%	5.0%	5.0%	5.0%
Operating		2.0%	2.0%	2.0%	2.0%	2.0%
Fire						
Salaries		-1.3%	2.0%	2.0%	2.0%	2.0%
Insurance-Health		10.0%	5.0%	5.0%	5.0%	5.0%
Operating		2.0%	2.0%	11.8%	10.2%	4.7%
Public Works						
Salaries		2.0%	2.0%	2.0%	2.0%	2.0%
Insurance-Health		10.0%	5.0%	5.0%	5.0%	5.0%
Operating		2.0%	2.0%	2.0%	2.0%	2.0%
Neighborhoods and Health						
Salaries		2.0%	2.0%	2.0%	2.0%	2.0%
Insurance-Health		10.0%	5.0%	5.0%	5.0%	5.0%
Operating		2.0%	2.0%	2.0%	2.0%	2.0%
<b>New Debt Issues</b>						
General Fund		-	-	-	-	-
All Other GA Funds		-	-	-	-	-
<b>PAYG Capital Projects</b>						
In-District	53,999,698	53,896,796	49,559,433	47,762,785	51,465,090	52,359,710
Roadways	23,060,455	23,060,455	21,633,334	21,931,137	22,235,279	22,544,834
Buildings	16,145,221	16,145,221	13,931,884	11,395,528	14,921,787	15,378,756
Parks and Recreation	4,886,120	4,886,120	4,886,120	4,886,120	4,886,120	4,886,120
Walkways	6,282,902	6,180,000	5,575,000	5,575,000	5,575,000	5,575,000
Flood Control	500,000	500,000	500,000	500,000	500,000	500,000
Bridges	1,650,000	1,650,000	1,558,095	2,000,000	1,871,904	2,000,000
	1,475,000	1,475,000	1,475,000	1,475,000	1,475,000	1,475,000

## Fiscal Years Ended 2016 - 2021 Financial Plan

### Five-Year Forecast Summary

	2016 adopted	2016 estimate	2017	2018	2019	2020	2021
<b>GENERAL FUND</b>							
<b>Revenue</b>							
Earnings Tax	\$228,422,200	\$232,706,422	\$238,524,083	\$244,487,185	\$250,599,364	\$256,864,348	\$263,285,957
Sales Tax	-	-	-	-	-	-	-
Local Use Tax	33,700,000	34,037,000	34,547,555	35,065,768	35,591,755	36,125,631	36,667,516
Property	56,811,354	57,546,641	56,785,841	57,637,628	58,502,193	59,379,726	60,270,422
Utility Franchise	102,423,000	103,447,230	107,067,883	110,815,259	114,693,793	118,708,076	122,862,858
All Other	105,884,065	104,928,560	106,166,166	107,255,885	108,106,849	108,861,451	109,668,294
Redirections	(22,440,300)	(22,440,200)	(22,931,200)	(23,421,800)	(23,925,100)	(24,442,000)	(24,930,700)
Transfers In	28,176,837	28,509,532	28,760,877	29,343,404	29,939,963	30,550,924	31,176,666
Op Scenario: Initiative 1	-	-	-	-	-	-	-
Op Scenario: Initiative 1	-	-	-	-	-	-	-
<b>Total Revenue</b>	<b>\$532,977,156</b>	<b>\$538,735,185</b>	<b>\$548,921,205</b>	<b>\$561,183,329</b>	<b>\$573,508,817</b>	<b>\$586,048,156</b>	<b>\$599,001,013</b>
<b>Expenditures by Program</b>							
General Government	70,189,524	69,527,374	70,960,331	72,532,021	74,142,768	75,793,736	77,486,129
Police	216,389,214	216,583,894	221,658,013	226,747,960	231,975,605	237,345,498	242,862,367
Fire	145,118,808	147,529,340	148,140,972	151,589,656	156,633,107	161,704,510	166,005,777
Public Works	22,974,359	22,748,566	23,429,382	23,919,197	24,419,870	24,931,671	25,454,878
Neighborhoods and Health	18,913,848	18,734,890	19,148,978	19,589,155	20,040,995	20,504,874	20,981,185
Op Scenario: Initiative 1	-	-	-	-	-	-	-
Op Scenario: Initiative 2	-	-	-	-	-	-	-
Contingent Appropriation	5,031,000	5,031,000	5,000,000	5,100,000	5,200,000	5,300,000	5,500,000
Debt Service	11,429,551	11,426,771	15,984,719	14,706,464	12,901,720	10,384,362	10,049,891
Capital Improvements	2,000,000	2,000,000	-	-	-	-	-
Transfers Out	39,507,218	39,632,218	37,476,868	48,134,219	52,844,408	53,297,439	53,167,946
<b>Total Expenditures</b>	<b>\$531,553,522</b>	<b>\$533,214,052</b>	<b>\$541,799,262</b>	<b>\$562,318,672</b>	<b>\$578,158,473</b>	<b>\$589,262,089</b>	<b>\$601,508,173</b>
<b>Expenditures by Category</b>							
Salaries	266,679,613	267,655,674	269,865,930	275,263,249	280,768,514	286,383,884	292,111,562
Insurance-Health	44,834,986	44,386,636	48,825,300	51,266,565	53,829,893	56,521,388	59,347,457
Pension	63,131,088	63,131,088	62,696,767	63,859,502	65,045,492	66,255,202	67,489,106
Operating	86,762,639	87,895,013	89,652,913	91,445,971	94,774,891	98,070,388	100,531,796
Other Operating	12,177,427	12,055,653	12,296,766	12,542,701	12,793,555	13,049,426	13,310,415
Op Scenario: Initiative 1	-	-	-	-	-	-	-
Op Scenario: Initiative 2	-	-	-	-	-	-	-
Contingent Appropriation	5,031,000	5,031,000	5,000,000	5,100,000	5,200,000	5,300,000	5,500,000
Debt Service	11,429,551	11,426,771	15,984,719	14,706,464	12,901,720	10,384,362	10,049,891
Capital Improvements	2,000,000	2,000,000	-	-	-	-	-
Transfers Out	39,507,218	39,632,218	37,476,868	48,134,219	52,844,408	53,297,439	53,167,946
<b>Total Expenditures</b>	<b>\$531,553,522</b>	<b>\$533,214,052</b>	<b>\$541,799,262</b>	<b>\$562,318,672</b>	<b>\$578,158,473</b>	<b>\$589,262,089</b>	<b>\$601,508,173</b>
<b>Reserves - General Fund</b>	<b>\$56,069,409</b>	<b>\$60,166,908</b>	<b>\$67,288,850</b>	<b>\$66,153,508</b>	<b>\$61,503,852</b>	<b>\$58,289,919</b>	<b>\$55,782,758</b>
<i>percent of operating expenditures</i>	<i>11.4%</i>	<i>12.2%</i>	<i>13.3%</i>	<i>12.9%</i>	<i>11.7%</i>	<i>10.9%</i>	<i>10.2%</i>

## Fiscal Years Ended 2016 - 2021 Financial Plan

### Five-Year Forecast Summary

	2016 adopted	2016 estimate	2017	2018	2019	2020	2021
<b>ALL OTHER GOVERNMENTAL ACTIVITIES FUNDS</b>							
<b>Revenue</b>							
Sales and Use Tax	\$141,183,635	\$142,595,471	\$144,094,953	\$146,256,378	\$148,450,223	\$150,676,977	\$152,937,131
Property	66,229,801	66,021,596	67,011,920	68,017,099	69,037,355	70,072,915	71,124,009
Tourism and Leisure	59,662,500	60,259,125	60,560,421	60,863,223	61,167,539	61,473,377	61,780,743
Licenses & Permits	1,985,071	2,004,922	2,014,946	2,025,021	2,035,146	2,045,322	2,055,548
Service Charges	27,208,680	27,480,767	27,755,574	28,033,130	28,313,462	28,596,596	28,882,562
Grants	36,517,944	36,883,123	36,883,123	36,883,123	36,883,123	36,883,123	36,883,123
All Other	28,797,216	29,085,188	29,085,188	29,085,188	29,085,188	29,085,188	29,085,188
Redirections	(9,553,000)	(9,553,000)	(10,003,000)	(10,222,300)	(10,447,300)	(10,667,300)	(10,880,906)
Rental Income	915,344	924,497	924,497	924,497	924,497	924,497	924,497
Transfers In	39,422,309	39,547,309	34,485,696	45,465,058	50,479,045	50,744,700	50,436,170
Op Scenario: Initiative 1	-	-	-	-	-	-	-
Op Scenario: Initiative 2	-	-	-	-	-	-	-
<b>Total Revenue</b>	<b>\$392,369,500</b>	<b>\$395,248,999</b>	<b>\$392,813,320</b>	<b>\$407,330,417</b>	<b>\$415,928,279</b>	<b>\$419,835,396</b>	<b>\$423,228,068</b>
<b>Expenditures by Program</b>							
General Government	40,847,371	40,453,843	41,279,791	42,173,966	43,089,453	44,026,850	44,986,776
Police	15,156,602	15,015,602	15,324,917	15,655,559	15,994,022	16,340,521	16,695,281
Fire	4,279,232	4,236,440	4,321,168	4,407,592	4,495,744	4,585,659	4,677,372
Public Works	6,035,629	5,976,124	6,098,221	6,224,065	6,352,620	6,483,950	6,618,120
Neighborhoods and Health	77,515,815	76,770,511	78,457,399	80,180,559	81,945,882	83,754,598	85,607,978
Op Scenario: Initiative 1	4,279,232	-	-	-	-	-	-
Op Scenario: Initiative 2	-	-	-	-	-	-	-
Debt Service	129,828,382	129,828,381	133,465,114	136,693,951	150,070,252	145,356,138	145,803,223
Capital Improvements	6,923,620	6,923,620	6,923,620	6,923,620	6,923,620	6,923,620	6,923,620
Pass through Programs	91,709,200	92,626,292	93,928,052	95,248,900	96,589,121	97,949,002	99,328,837
Transfers Out	4,080,000	4,080,000	4,120,950	4,162,514	4,204,702	4,247,522	4,290,985
<b>Total Expenditures</b>	<b>\$380,655,083</b>	<b>\$375,910,813</b>	<b>\$383,919,232</b>	<b>\$391,670,726</b>	<b>\$409,665,415</b>	<b>\$409,667,860</b>	<b>\$414,932,191</b>
<b>Expenditures by Category</b>							
Salaries	50,263,491	49,760,856	50,756,073	51,771,195	52,806,619	53,862,751	54,940,006
Insurance-Health	7,671,082	7,594,371	8,353,808	8,771,499	9,210,074	9,670,577	10,154,106
Pension	5,621,721	5,621,721	5,306,532	5,412,663	5,520,916	5,631,334	5,743,961
Operating	44,274,259	43,831,516	44,708,147	45,602,310	46,514,356	47,444,643	48,393,536
Other Operating	36,004,096	35,644,055	36,356,936	37,084,075	37,825,756	38,582,271	39,353,917
Op Scenario: Initiative 1	-	-	-	-	-	-	-
Op Scenario: Initiative 2	-	-	-	-	-	-	-
Debt Service	129,828,382	129,828,381	133,465,114	136,693,951	150,070,252	145,356,138	145,803,223
Capital Improvements	6,923,620	6,923,620	6,923,620	6,923,620	6,923,620	6,923,620	6,923,620
Pass through Programs	91,709,200	92,626,292	93,928,052	95,248,900	96,589,121	97,949,002	99,328,837
Transfers Out	4,080,000	4,080,000	4,120,950	4,162,514	4,204,702	4,247,522	4,290,985
<b>Total Expenditures</b>	<b>\$376,375,851</b>	<b>\$375,910,813</b>	<b>\$383,919,232</b>	<b>\$391,670,726</b>	<b>\$409,665,415</b>	<b>\$409,667,860</b>	<b>\$414,932,191</b>
<b>Reserves - All Other Funds</b>	<b>\$95,278,617</b>	<b>\$98,623,154</b>	<b>\$107,517,242</b>	<b>\$123,176,933</b>	<b>\$129,439,798</b>	<b>\$139,607,334</b>	<b>\$147,903,211</b>
<i>percent of expenditures</i>	<i>34.8%</i>	<i>36.2%</i>	<i>38.5%</i>	<i>43.2%</i>	<i>42.9%</i>	<i>46.5%</i>	<i>48.6%</i>

## Fiscal Years Ended 2016 - 2021 Financial Plan

### Five-Year Forecast Summary

	2016 adopted	2016 estimate	2017	2018	2019	2020	2021
<b>STREETS AND CAPITAL FUNDS</b>							
<b>Revenue</b>							
Sales and Use Tax	\$74,000,000	\$74,740,000	\$75,110,000	\$76,236,650	\$77,380,200	\$78,540,903	\$79,719,016
Property	-	-	-	-	-	-	-
Tourism and Leisure	-	-	-	-	-	-	-
Licenses & Permits	2,907,000	2,936,070	2,950,750	2,965,504	2,980,332	2,995,233	3,010,209
Service Charges	259,940	262,539	265,165	267,816	270,495	273,200	275,932
Grants	17,385,000	17,558,850	17,558,850	17,558,850	17,558,850	17,558,850	17,558,850
All Other	1,124,001	1,135,241	1,135,241	1,135,241	1,135,241	1,135,241	1,135,241
Redirections	(9,688,900)	(11,082,100)	(11,588,100)	(11,838,200)	(12,086,700)	(12,336,500)	(12,583,230)
Rental Income	39,465	39,860	39,860	39,860	39,860	39,860	39,860
Transfers In	15,701,333	15,701,333	16,427,031	16,842,389	17,268,102	17,704,451	18,154,872
Op Scenario: Initiative 1	-	-	-	-	-	-	-
Op Scenario: Initiative 2	-	-	-	-	-	-	-
<b>Total Revenue</b>	<b>\$101,727,839</b>	<b>\$101,291,793</b>	<b>\$101,898,797</b>	<b>\$103,208,110</b>	<b>\$104,546,379</b>	<b>\$105,911,237</b>	<b>\$107,310,750</b>
<b>Expenditures by Program</b>							
General Government	859,858	851,629	867,502	885,597	904,092	922,996	942,320
Police	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-
Public Works	31,122,062	30,823,011	31,643,327	32,348,742	33,071,893	33,813,315	34,573,564
Neighborhoods and Health	431,418	427,165	435,245	443,960	452,850	461,918	471,168
Op Scenario: Initiative 1	-	-	-	-	-	-	-
Op Scenario: Initiative 2	-	-	-	-	-	-	-
Pension	-	-	-	-	-	-	-
Debt Service	8,939,304	8,989,304	14,788,467	19,583,040	11,194,791	13,633,679	12,865,749
Capital Improvements	47,076,078	46,973,176	42,635,813	40,839,165	44,541,470	45,436,090	44,754,303
Pass through Programs	-	-	-	-	-	-	-
Transfers Out	15,744,447	15,744,447	13,063,883	13,801,250	14,530,763	14,779,735	15,051,119
<b>Total Expenditures</b>	<b>\$104,173,167</b>	<b>\$103,808,732</b>	<b>\$103,434,237</b>	<b>\$107,901,754</b>	<b>\$104,695,858</b>	<b>\$109,047,733</b>	<b>\$108,658,224</b>
<b>Expenditures by Category</b>							
Salaries	10,400,164	10,296,162	10,502,086	10,712,127	10,926,370	11,144,897	11,367,795
Insurance-Health	2,243,776	2,221,338	2,443,472	2,565,646	2,693,928	2,828,624	2,970,056
Pension	1,260,047	1,260,047	1,309,773	1,335,969	1,362,688	1,389,942	1,417,741
Operating	9,283,132	9,190,301	9,374,107	9,561,589	9,752,821	9,947,877	10,146,835
Other Operating	9,226,219	9,133,957	9,316,636	9,502,969	9,693,028	9,886,889	10,084,626
Op Scenario: Initiative 1	-	-	-	-	-	-	-
Op Scenario: Initiative 2	-	-	-	-	-	-	-
Debt Service	8,939,304	8,989,304	14,788,467	19,583,040	11,194,791	13,633,679	12,865,749
Capital Improvements	47,076,078	46,973,176	42,635,813	40,839,165	44,541,470	45,436,090	44,754,303
Pass through Programs	-	-	-	-	-	-	-
Transfers Out	15,744,447	15,744,447	13,063,883	13,801,250	14,530,763	14,779,735	15,051,119
<b>Total Expenditures</b>	<b>\$104,173,167</b>	<b>\$103,808,732</b>	<b>\$103,434,237</b>	<b>\$107,901,754</b>	<b>\$104,695,858</b>	<b>\$109,047,733</b>	<b>\$108,658,224</b>



## FISCAL YEARS ENDED 2016-2021 FINANCIAL PLAN

*Scenario Description: Balanced*



## Fiscal Years Ended 2016 - 2021 Financial Plan

### *Scenario Description: Balanced*

All assumptions in the Baseline Scenario, plus:

**Expenditure Changes:**

- Fire Department operating budget *decrease* to offset equipment debt service *beginning* in FY 2018-2021 (\$2.5 million)
- In Year 5, identify increased revenues or decreased expenditures to address an anticipated shortfall of \$5.5 million, including contemplating a possible wage freeze, subject to ongoing labor negotiations and agreements.
- Fleet replacement *increase* in General Fund beginning FY 2017 (1st payment in FY 2018)
- Employer contributions to health insurance increase only 2.5% in FY 2019-2021
- Transfer of remaining streetlight debt service to capital improvements funds
- Neighborhoods programs operating budget *increase* (\$500,000) beginning in FY 2017 to reflect citizen input

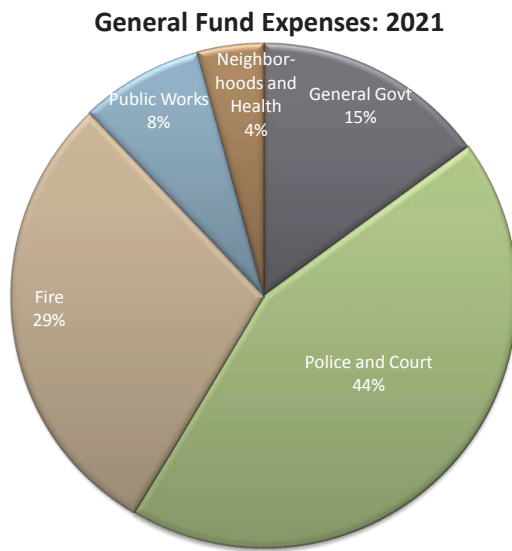
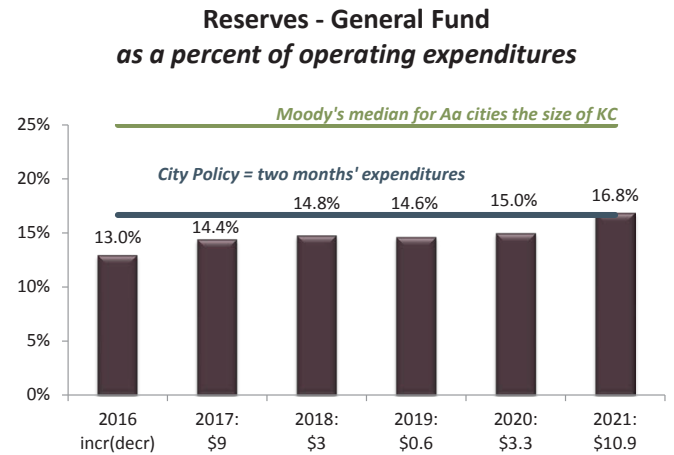
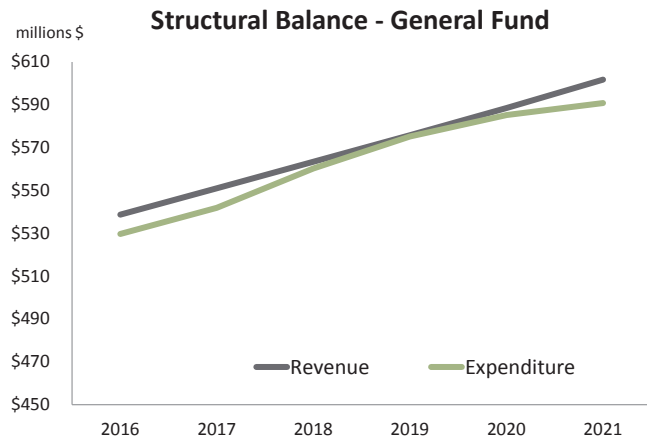
**Revenue Changes:**

- Municipal court revenue recovers by \$2 million (FY 2014-15 levels) in FY 2017-2021

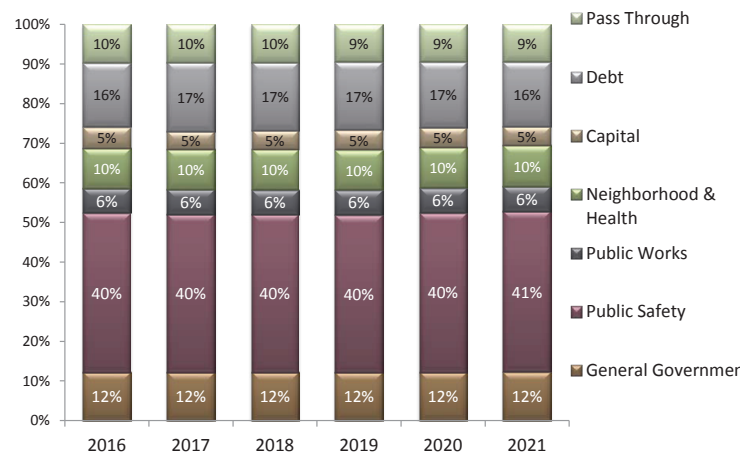
### *Highlighted Service Level Statistics*

	2016	2017	2018	2019	2020	2021
<b>General Fund structural balance</b>	1.02	1.02	1.01	1.00	1.01	1.02
target:	1.00	1.00	1.00	1.00	1.00	1.00
Annual Revenue Growth		2.3%	2.2%	2.2%	2.2%	2.2%
Annual Expenditure Growth		2.3%	3.4%	2.7%	1.7%	1.0%
<b>General Fund fund balance</b>	13%	14%	15%	15%	15%	17%
target:	17%	17%	17%	17%	17%	17%
<b>Public Safety as a percent of General Fund operating</b>	73%	73%	73%	73%	73%	74%
<b>PAYG Streets and Other Capital</b>						
Current Funding Level	\$75.6	\$70.0	\$74.1	\$78.4	\$80.0	\$80.1

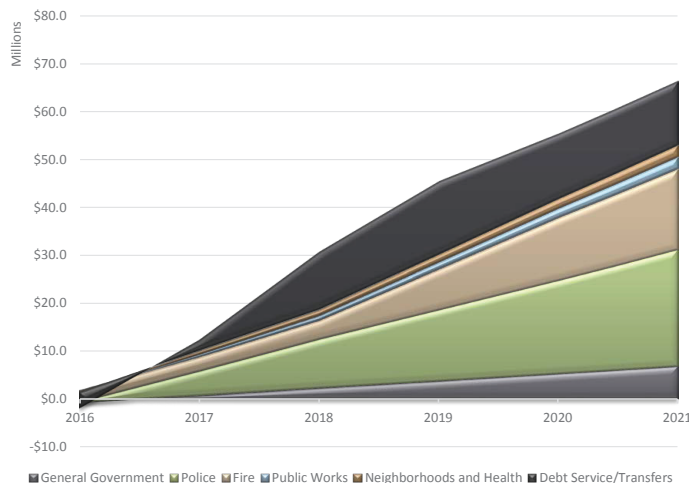
## Fiscal Years Ended 2016 - 2021 Financial Plan



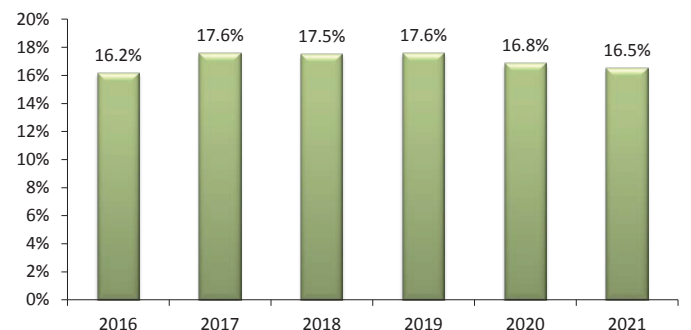
### Allocation by Program - General Municipal Funds



### General Fund Change from FY 2015-16 Adopted



### Debt Service as a percent of Governmental Activities



## Fiscal Years Ended 2016 - 2021 Financial Plan

### *Assumptions*

		<i>Annual</i>				
	2016 estimated	2017	2018	2019	2020	2021
<b>Demographic Assumptions</b>						
2016 estimated population	470,800					
Population growth		0.5%	0.5%	0.5%	0.5%	0.5%
<b>Revenue Assumptions</b>						
Budget variance	1.0%					
Earnings Tax						
Rate		1.0%	1.0%	1.0%	1.0%	1.0%
Annual Increase		2.5%	2.5%	2.5%	2.5%	2.5%
Sales Tax						
Rate		2.875%	2.875%	2.875%	2.875%	2.875%
Annual Increase		1.5%	1.5%	1.5%	1.5%	1.5%
Property Tax						
Mill Levy		1.5997	1.5997	1.5997	1.5997	1.5997
Annual Increase		1.5%	1.5%	1.5%	1.5%	1.5%
Utility Franchise Increase		3.5%	3.5%	3.5%	3.5%	3.5%
<b>Employee Assumptions</b>						
Annual employee additions (deletions)	-	-	-	-	-	-
<b>Employees (FTE's) per 1,000 Population</b>						
General Government	10.6	10.5	10.5	10.4	10.4	10.3
Police Uniform	1.5	1.5	1.5	1.4	1.4	1.4
Police Civilian	3.1	3.1	3.1	3.0	3.0	3.0
Municipal Court	1.4	1.4	1.4	1.4	1.4	1.4
Fire Uniform	0.2	0.2	0.2	0.2	0.2	0.2
Fire Civilian	2.1	2.1	2.0	2.0	2.0	2.0
Public Infrastructure	0.7	0.7	0.7	0.7	0.7	0.7
Neighborhoods and Health	0.2	0.2	0.2	0.2	0.2	0.2
	1.5	1.5	1.5	1.4	1.4	1.4



## Fiscal Years Ended 2016 - 2021 Financial Plan

### Assumptions

		<i>Annual</i>				
	2016 estimated	2017	2018	2019	2020	2021
<b>Expenditure Assumptions</b>						
Budget variance	-1.0%					
Marginal Cost as a percent of Average Cost		70%	70%	70%	70%	70%
General Government						
Salaries		2.0%	2.0%	2.0%	2.0%	2.0%
Insurance-Health		10.0%	5.0%	2.5%	2.5%	2.5%
Operating		2.0%	2.0%	2.0%	2.0%	2.0%
Police						
Salaries		2.0%	2.0%	2.0%	2.0%	2.0%
Insurance-Health		10.0%	5.0%	2.5%	2.5%	2.5%
Operating		2.0%	2.0%	2.0%	2.0%	2.0%
Fire						
Salaries		-1.3%	2.0%	2.0%	2.0%	2.0%
Insurance-Health		10.0%	5.0%	2.5%	2.5%	2.5%
Operating		2.0%	-14.7%	13.8%	11.7%	5.1%
Public Works						
Salaries		2.0%	2.0%	2.0%	2.0%	2.0%
Insurance-Health		10.0%	5.0%	2.5%	2.5%	2.5%
Operating		2.0%	2.0%	2.0%	2.0%	2.0%
Neighborhoods and Health						
Salaries		2.0%	2.0%	2.0%	2.0%	2.0%
Insurance-Health		10.0%	5.0%	2.5%	2.5%	2.5%
Operating		3.5%	2.0%	2.0%	2.0%	2.0%
<b>New Debt Issues</b>		-	<b>4,000,000</b>	<b>4,000,000</b>	<b>4,000,000</b>	<b>4,000,000</b>
General Fund		-	4,000,000	4,000,000	4,000,000	4,000,000
All Other GA Funds		-	-	-	-	-
<b>PAYG Capital Projects</b>	<b>53,999,698</b>	<b>50,396,796</b>	<b>44,009,688</b>	<b>47,300,740</b>	<b>51,003,495</b>	<b>51,900,560</b>
In-District	23,060,455	23,060,455	21,633,334	21,931,137	22,235,279	22,544,834
Roadways	16,145,221	12,645,221	8,382,139	10,933,483	14,460,192	14,919,606
Buildings	4,886,120	4,886,120	4,886,120	4,886,120	4,886,120	4,886,120
Parks and Recreation	6,282,902	6,180,000	5,575,000	5,575,000	5,575,000	5,575,000
Walkways	500,000	500,000	500,000	500,000	500,000	500,000
Flood Control	1,650,000	1,650,000	1,558,095	2,000,000	1,871,904	2,000,000
Bridges	1,475,000	1,475,000	1,475,000	1,475,000	1,475,000	1,475,000

## Fiscal Years Ended 2016 - 2021 Financial Plan

### Five-Year Forecast Summary

	2016 adopted	2016 estimate	2017	2018	2019	2020	2021
<b>GENERAL FUND</b>							
<b>Revenue</b>							
Earnings Tax	\$228,422,200	\$232,706,422	\$238,524,083	\$244,487,185	\$250,599,364	\$256,864,348	\$263,285,957
Sales Tax	-	-	-	-	-	-	-
Local Use Tax	33,700,000	34,037,000	34,547,555	35,065,768	35,591,755	36,125,631	36,667,516
Property	56,811,354	57,546,641	56,785,841	57,637,628	58,502,193	59,379,726	60,270,422
Utility Franchise	102,423,000	103,447,230	107,067,883	110,815,259	114,693,793	118,708,076	122,862,858
All Other	105,884,065	104,928,560	108,271,166	109,448,532	110,454,503	111,398,443	112,432,902
Redirections	(22,440,300)	(22,440,200)	(22,931,200)	(23,421,800)	(23,925,100)	(24,442,000)	(24,930,700)
Transfers In	28,176,837	28,509,532	28,760,877	29,343,404	29,939,963	30,550,924	31,176,666
Op Scenario: Initiative 1	-	-	-	-	-	-	-
Op Scenario: Initiative 1	-	-	-	-	-	-	-
<b>Total Revenue</b>	<b>\$532,977,156</b>	<b>\$538,735,185</b>	<b>\$551,026,205</b>	<b>\$563,375,976</b>	<b>\$575,856,471</b>	<b>\$588,585,148</b>	<b>\$601,765,621</b>
<b>Expenditures by Program</b>							
General Government	70,189,524	69,527,374	70,960,331	72,532,021	74,009,346	75,516,884	77,055,257
Police	216,389,214	216,583,894	221,658,013	226,747,960	231,347,367	236,041,903	240,833,550
Fire	145,118,808	147,529,340	148,140,972	149,089,656	153,631,726	158,166,893	161,895,078
Public Works	22,974,359	22,748,566	23,429,382	23,919,197	24,401,296	24,893,129	25,394,895
Neighborhoods and Health	18,913,848	18,734,890	19,648,978	20,099,155	20,511,147	20,931,630	21,360,779
Op Scenario: Initiative 1	-	-	-	-	-	-	(5,500,000)
Op Scenario: Initiative 2	-	-	-	-	-	-	-
Contingent Appropriation	5,031,000	5,031,000	5,000,000	5,100,000	5,200,000	5,300,000	5,500,000
Debt Service	11,429,551	11,426,771	15,984,719	15,053,764	13,596,321	11,426,263	11,439,092
Capital Improvements	2,000,000	2,000,000	-	-	-	-	-
Transfers Out	39,507,218	36,132,218	37,160,311	47,817,662	52,527,851	52,980,882	52,851,389
<b>Total Expenditures</b>	<b>\$531,553,522</b>	<b>\$529,714,052</b>	<b>\$541,982,705</b>	<b>\$560,359,415</b>	<b>\$575,225,052</b>	<b>\$585,257,584</b>	<b>\$590,830,039</b>
<b>Expenditures by Category</b>							
Salaries	266,679,613	267,655,674	269,865,930	275,263,249	280,768,514	286,383,884	292,111,562
Insurance-Health	44,834,986	44,386,636	48,825,300	51,266,565	52,548,229	53,861,935	55,208,483
Pension	63,131,088	63,131,088	62,696,767	63,859,502	65,045,492	66,255,202	67,489,106
Operating	86,762,639	87,895,013	90,152,913	89,455,971	92,745,091	95,999,992	98,419,992
Other Operating	12,177,427	12,055,653	12,296,766	12,542,701	12,793,555	13,049,426	13,310,415
Op Scenario: Initiative 1	-	-	-	-	-	-	(5,500,000)
Op Scenario: Initiative 2	-	-	-	-	-	-	-
Contingent Appropriation	5,031,000	5,031,000	5,000,000	5,100,000	5,200,000	5,300,000	5,500,000
Debt Service	11,429,551	11,426,771	15,984,719	15,053,764	13,596,321	11,426,263	11,439,092
Capital Improvements	2,000,000	2,000,000	-	-	-	-	-
Transfers Out	39,507,218	36,132,218	37,160,311	47,817,662	52,527,851	52,980,882	52,851,389
<b>Total Expenditures</b>	<b>\$531,553,522</b>	<b>\$529,714,052</b>	<b>\$541,982,705</b>	<b>\$560,359,415</b>	<b>\$575,225,052</b>	<b>\$585,257,584</b>	<b>\$590,830,039</b>
<b>Reserves - General Fund</b>	<b>\$56,069,409</b>	<b>\$63,666,908</b>	<b>\$72,710,407</b>	<b>\$75,726,968</b>	<b>\$76,358,387</b>	<b>\$79,685,951</b>	<b>\$90,621,533</b>
<i>percent of operating expenditures</i>	<i>11.4%</i>	<i>13.0%</i>	<i>14.4%</i>	<i>14.8%</i>	<i>14.6%</i>	<i>15.0%</i>	<i>16.8%</i>

## Fiscal Years Ended 2016 - 2021 Financial Plan

### Five-Year Forecast Summary

	2016 adopted	2016 estimate	2017	2018	2019	2020	2021
<b>ALL OTHER GOVERNMENTAL ACTIVITIES FUNDS</b>							
<b>Revenue</b>							
Sales and Use Tax	\$141,183,635	\$142,595,471	\$144,094,953	\$146,256,378	\$148,450,223	\$150,676,977	\$152,937,131
Property	66,229,801	66,021,596	67,011,920	68,017,099	69,037,355	70,072,915	71,124,009
Tourism and Leisure	59,662,500	60,259,125	60,560,421	60,863,223	61,167,539	61,473,377	61,780,743
Licenses & Permits	1,985,071	2,004,922	2,014,946	2,025,021	2,035,146	2,045,322	2,055,548
Service Charges	27,208,680	27,480,767	27,755,574	28,033,130	28,313,462	28,596,596	28,882,562
Grants	36,517,944	36,883,123	36,883,123	36,883,123	36,883,123	36,883,123	36,883,123
All Other	28,797,216	29,085,188	29,085,188	29,085,188	29,085,188	29,085,188	29,085,188
Redirections	(9,553,000)	(9,553,000)	(10,003,000)	(10,222,300)	(10,447,300)	(10,667,300)	(10,880,906)
Rental Income	915,344	924,497	924,497	924,497	924,497	924,497	924,497
Transfers In	39,422,309	36,047,309	34,169,139	45,148,501	50,162,488	50,428,143	50,119,613
Op Scenario: Initiative 1	-	-	-	-	-	-	-
Op Scenario: Initiative 2	-	-	-	-	-	-	-
<b>Total Revenue</b>	<b>\$392,369,500</b>	<b>\$391,748,999</b>	<b>\$392,496,763</b>	<b>\$407,013,860</b>	<b>\$415,611,722</b>	<b>\$419,518,839</b>	<b>\$422,911,511</b>
<b>Expenditures by Program</b>							
General Government	40,847,371	40,453,843	41,279,791	42,173,966	43,029,446	43,902,337	44,792,992
Police	15,156,602	15,015,602	15,324,917	15,655,559	15,972,895	16,296,684	16,627,057
Fire	4,279,232	4,236,440	4,321,168	4,407,592	4,495,744	4,585,659	4,677,372
Public Works	6,035,629	5,976,124	6,098,221	6,224,065	6,349,225	6,476,906	6,607,157
Neighborhoods and Health	77,515,815	76,770,511	78,457,399	80,180,559	81,811,122	83,474,970	85,172,786
Op Scenario: Initiative 1	4,279,232	-	-	-	-	-	-
Op Scenario: Initiative 2	-	-	-	-	-	-	-
Debt Service	129,828,382	129,828,381	133,465,114	136,693,951	150,070,252	145,356,138	145,803,223
Capital Improvements	6,923,620	6,923,620	6,923,620	6,923,620	6,923,620	6,923,620	6,923,620
Pass through Programs	91,709,200	92,626,292	93,928,052	95,248,900	96,589,121	97,949,002	99,328,837
Transfers Out	4,080,000	4,080,000	4,120,950	4,162,514	4,204,702	4,247,522	4,290,985
<b>Total Expenditures</b>	<b>\$380,655,083</b>	<b>\$375,910,813</b>	<b>\$383,919,232</b>	<b>\$391,670,726</b>	<b>\$409,446,127</b>	<b>\$409,212,838</b>	<b>\$414,224,029</b>
<b>Expenditures by Category</b>							
Salaries	50,263,491	49,760,856	50,756,073	51,771,195	52,806,619	53,862,751	54,940,006
Insurance-Health	7,671,082	7,594,371	8,353,808	8,771,499	8,990,786	9,215,556	9,445,945
Pension	5,621,721	5,621,721	5,306,532	5,412,663	5,520,916	5,631,334	5,743,961
Operating	44,274,259	43,831,516	44,708,147	45,602,310	46,514,356	47,444,643	48,393,536
Other Operating	36,004,096	35,644,055	36,356,936	37,084,075	37,825,756	38,582,271	39,353,917
Op Scenario: Initiative 1	-	-	-	-	-	-	-
Op Scenario: Initiative 2	-	-	-	-	-	-	-
Debt Service	129,828,382	129,828,381	133,465,114	136,693,951	150,070,252	145,356,138	145,803,223
Capital Improvements	6,923,620	6,923,620	6,923,620	6,923,620	6,923,620	6,923,620	6,923,620
Pass through Programs	91,709,200	92,626,292	93,928,052	95,248,900	96,589,121	97,949,002	99,328,837
Transfers Out	4,080,000	4,080,000	4,120,950	4,162,514	4,204,702	4,247,522	4,290,985
<b>Total Expenditures</b>	<b>\$376,375,851</b>	<b>\$375,910,813</b>	<b>\$383,919,232</b>	<b>\$391,670,726</b>	<b>\$409,446,127</b>	<b>\$409,212,838</b>	<b>\$414,224,029</b>
<b>Reserves - All Other Funds</b>	<b>\$95,278,617</b>	<b>\$95,123,154</b>	<b>\$103,700,685</b>	<b>\$119,043,819</b>	<b>\$125,209,414</b>	<b>\$135,515,415</b>	<b>\$144,202,896</b>
<i>percent of expenditures</i>	<i>34.8%</i>	<i>34.9%</i>	<i>37.2%</i>	<i>41.7%</i>	<i>41.5%</i>	<i>45.2%</i>	<i>47.5%</i>

## Fiscal Years Ended 2016 - 2021 Financial Plan

### Five-Year Forecast Summary

	2016 adopted	2016 estimate	2017	2018	2019	2020	2021
<b>STREETS AND CAPITAL FUNDS</b>							
<b>Revenue</b>							
Sales and Use Tax	\$74,000,000	\$74,740,000	\$75,110,000	\$76,236,650	\$77,380,200	\$78,540,903	\$79,719,016
Property	-	-	-	-	-	-	-
Tourism and Leisure	-	-	-	-	-	-	-
Licenses & Permits	2,907,000	2,936,070	2,950,750	2,965,504	2,980,332	2,995,233	3,010,209
Service Charges	259,940	262,539	265,165	267,816	270,495	273,200	275,932
Grants	17,385,000	17,558,850	17,558,850	17,558,850	17,558,850	17,558,850	17,558,850
All Other	1,124,001	1,135,241	1,135,241	1,135,241	1,135,241	1,135,241	1,135,241
Redirections	(9,688,900)	(11,082,100)	(11,588,100)	(11,838,200)	(12,086,700)	(12,336,500)	(12,583,230)
Rental Income	39,465	39,860	39,860	39,860	39,860	39,860	39,860
Transfers In	15,701,333	15,701,333	16,427,031	16,842,389	17,268,102	17,704,451	18,154,872
Op Scenario: Initiative 1	-	-	-	-	-	-	-
Op Scenario: Initiative 2	-	-	-	-	-	-	-
<b>Total Revenue</b>	<b>\$101,727,839</b>	<b>\$101,291,793</b>	<b>\$101,898,797</b>	<b>\$103,208,110</b>	<b>\$104,546,379</b>	<b>\$105,911,237</b>	<b>\$107,310,750</b>
<b>Expenditures by Program</b>							
General Government	859,858	851,629	867,502	885,597	903,440	921,642	940,212
Police	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-
Public Works	31,122,062	30,823,011	31,643,327	32,348,742	33,008,413	33,681,594	34,368,565
Neighborhoods and Health	431,418	427,165	435,245	443,960	452,841	461,899	471,139
Op Scenario: Initiative 1	-	-	-	-	-	-	-
Op Scenario: Initiative 2	-	-	-	-	-	-	-
Pension	-	-	-	-	-	-	-
Debt Service	8,939,304	12,489,304	20,338,212	20,045,085	11,656,386	14,092,829	13,323,399
Capital Improvements	47,076,078	43,473,176	37,086,068	40,377,120	44,079,875	44,976,940	44,296,653
Pass through Programs	-	-	-	-	-	-	-
Transfers Out	15,744,447	15,744,447	13,063,883	13,801,250	14,530,763	14,779,735	15,051,119
<b>Total Expenditures</b>	<b>\$104,173,167</b>	<b>\$103,808,732</b>	<b>\$103,434,237</b>	<b>\$107,901,754</b>	<b>\$104,631,717</b>	<b>\$108,914,640</b>	<b>\$108,451,088</b>
<b>Expenditures by Category</b>							
Salaries	10,400,164	10,296,162	10,502,086	10,712,127	10,926,370	11,144,897	11,367,795
Insurance-Health	2,243,776	2,221,338	2,443,472	2,565,646	2,629,787	2,695,531	2,762,920
Pension	1,260,047	1,260,047	1,309,773	1,335,969	1,362,688	1,389,942	1,417,741
Operating	9,283,132	9,190,301	9,374,107	9,561,589	9,752,821	9,947,877	10,146,835
Other Operating	9,226,219	9,133,957	9,316,636	9,502,969	9,693,028	9,886,889	10,084,626
Op Scenario: Initiative 1	-	-	-	-	-	-	-
Op Scenario: Initiative 2	-	-	-	-	-	-	-
Debt Service	8,939,304	12,489,304	20,338,212	20,045,085	11,656,386	14,092,829	13,323,399
Capital Improvements	47,076,078	43,473,176	37,086,068	40,377,120	44,079,875	44,976,940	44,296,653
Pass through Programs	-	-	-	-	-	-	-
Transfers Out	15,744,447	15,744,447	13,063,883	13,801,250	14,530,763	14,779,735	15,051,119
<b>Total Expenditures</b>	<b>\$104,173,167</b>	<b>\$103,808,732</b>	<b>\$103,434,237</b>	<b>\$107,901,754</b>	<b>\$104,631,717</b>	<b>\$108,914,640</b>	<b>\$108,451,088</b>





# Conclusion

This third edition of the Citywide Business Plan provides detail on three key components: the City Strategic Plan, the Financial Strategic Plan, and the Five-Year Planning Model. The system provides an important benchmark for management to monitor and develop strategies for problem areas and to maintain positive trends.

This year's process continued a collaborative effort that began last year with the Mayor and the City Council clarifying its values, vision, mission and goals for the next five years. Department directors refined departmental strategic objectives that meet the City Council goals. And, the Financial Strategic Plan and Five-Year Planning reflect multiple objectives especially related to structural balance.

Key to the success of the plan is involvement of citizens and the business community. Public involvement in financial strategy development legitimizes the choices made to achieve structural balance and ensures those choices reflect stakeholders' priorities and preferences for service levels. Citizens and the business community are customers of public services, owners by virtue of paying taxes and voting, and through strategic planning, can be partners in working to achieve public goals. **The FY 2016-2021 Citywide Business Plan included a public participation component to inform the Mayor and City Council of resident and business input *before* the FY 2016-17 budget is submitted for adoption.**

The Five-Year Planning model analyzes in detail the City's main operating fund (General Fund) and all other Governmental Activities Funds. The Citywide Business Plan process is built to be flexible and dynamic, requiring annual updates, reviews, and enhancements that can be modified to reflect current priorities. Periodic reports are issued, but the process is never final.

Future enhancements will:

- Propose scenarios to meet the City's financial objectives while balancing the City's portfolio of services in the City Goals.
- Continue to expand linking expenditures to service outcomes
- Incorporate service level decision packages in budget deliberations
- Distinguish multiple special revenue and capital funds
- Include multiple scenarios

The strategic priorities and issues contained within this plan will provide the Mayor and City Council with the information necessary to formulate long-term strategies to ensure the availability of City services at a level appropriate to meet the needs of the community. The City is positioned to begin transforming its budget process from an exercise in balancing revenues and expenditures one year at a time, to a tool that will be strategic in nature, encompassing a multi-year financial and operating plan that allocates resources based on the priorities identified by the City Council.

We are now better positioned to answer the central question entrusted to us by the Citizens' Commission on Municipal Revenue at the conclusion of their 2012 report:

*What kind of City are we going to be,  
will we be mediocre or will we be great,  
and how do we balance the books to get there?*

## APPENDIX A: 2016-2021 Citizen Work Session Results and Balancing Act

For the 2016-2021 Citywide Business Plan, there were three citizen work sessions that were held:

- Central: Saturday, September 19<sup>th</sup> at Gregg Klice Community Center
- North: Wednesday, September 23<sup>rd</sup> at Northland Neighborhoods Inc.
- South: Tuesday, October 6<sup>th</sup> at Hillcrest Community Center

Citizens were able to listen to the proposed plan, speak to various department directors and representatives, as well as participate in activities that involved city programs and decision making. The following are the individual and group activities that citizens engaged in and the results that were presented to the Finance and Governance Committee as well as to the Council as a whole during the October 23, 2015 Business Session.

### Activity #1: Program Prioritization (Individual Activity)

#### **Activity Instructions**

Citizens were instructed to fill out a survey on each of the following four goals on what they deemed as a higher or lower priority.

Neighborhoods and Healthy Communities	Planning, Zoning, and Economic Development	Public Safety	Transportation and Infrastructure
---------------------------------------	--	---------------	-----------------------------------

1: Higher Priority to help achieve Citywide Goal

4: Lower Priority to help achieve Citywide Goal

*Excludes: Business-Type Departments (Aviation and Water), Grants, Debt, TIFs*

### **Results of Activity**

#### Neighborhoods and Healthy Communities

Higher Priorities

Central	North	South
Land Bank	Neighborhood Services	Land Bank
Nuisance Code Abatement	Youth Services	Nuisance Code and Property Code Inspections
Youth Services	Hospital Services and Health Centers	Nuisance Code Abatement

Lower Priorities

Central	North	South
Zoo	KC Museum	KC Museum
Liberty Memorial	Cultural Facilities	Aquatics and Athletics
Cultural Facilities	Health Administration and Health Records	Cultural Facilities



### **Planning, Zoning and Economic Development**

#### Higher Priorities

Central	North	South
Land Bank	Neighborhood Services	Land Bank
Nuisance Code Abatement	Youth Services	Nuisance Code and Property Code Inspections
Youth Services	Hospital Services and Health Centers	Nuisance Code Abatement

#### Lower Priorities

Central	North	South
Zoo	KC Museum	KC Museum
Liberty Memorial	Cultural Facilities	Aquatics and Athletics
Cultural Facilities	Health Administration and Health Records	Cultural Facilities

### **Public Safety**

#### Higher Priorities

Central	North	South
Emergency Medical Services	Emergency Medical Services	Violent Crimes/Narcotics/Vice
Violent Crimes/Narcotics/Vice	Violent Crimes/Narcotics/Vice	Emergency Medical Services
Youth Outreach (KCPD)	Patrol and Patrol Administration	Patrol and Patrol Administration

#### Lower Priorities

Central	North	South
Fire Communications	Office of the Fire Chief	Professional Development (Fire)
Professional Development (Fire)	Fleet Management (KCPD)	Indigent Legal Defense
Fire Marshal	Police Admin and Support	Office of the Fire Chief

### **Transportation and Infrastructure**

#### Higher Priorities

Central	North	South
KCATA	Capital Improvements	Capital Improvements
Snow Removal	Street Maintenance	Street Maintenance
Illegal Dumping Abatement	Clean Neighborhoods and Recycling	Bulky Item
Clean Neighborhoods and Recycling		

#### Lower Priorities

Central	North	South
Parking Control and Garages	Parking Control and Garages	Parking Control and Garages
Traffic Permits	Traffic Permits	Traffic Permits
Transportation Engineering and Planning	Street Signs	Transportation Engineering and Planning

## Activity #2: Top 5 and Cuts (Group Activity)

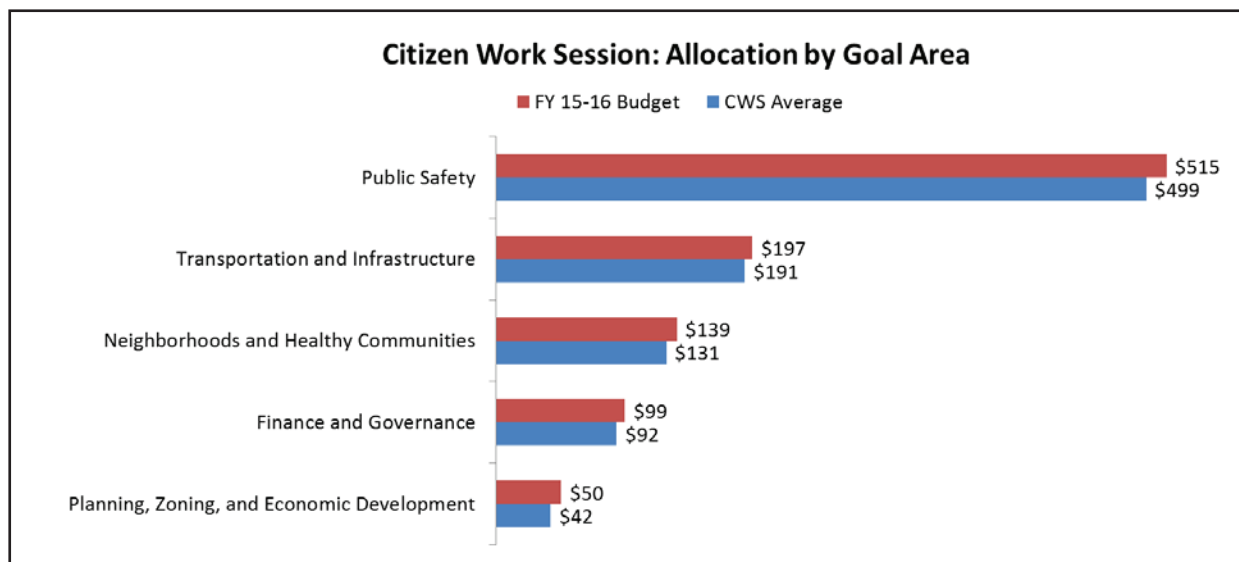
### Activity Instructions

Citizens were then instructed to form into groups at each table) and tasked to do the following with a total budget of \$1,000:

1. Cut \$50 from the budget (out of any of the 5 goals)
2. Identify the top 3-5 priority programs under each goal

### Results of Activity

#### Total:



### By Goal

#### Finance and Governance

##### Higher Priorities

Central	North	South
City Manager's Office	City Manager's Office	Boards of Election Commissioners
Contingent Appropriation	Finance	City Manager's Office
General Services	General Services	Finance
Human Relations	Human Relations	
Mayor and Council		

##### Lower Priorities (based on cuts made)

Central	North	South
Mayor and Council	General Services	Mayor and Council
	City Manager's Office	City Manager's Office
	Mayor and Council	General Services



### Neighborhoods and Healthy Communities

#### Higher Priorities

Central	North	South
<b>Land Bank</b>	<b>Hospital Services and Health Centers</b>	Communicable Diseases
Hospital Services and Health Centers	<b>Neighborhood Services</b>	Public Health
<b>Nuisance Code Abatement</b>	<b>Youth Services (Parks and Rec)</b>	Hospital Services and Health Centers
Community Centers		<b>Nuisance Code Abatement</b>

#### Lower Priorities (based on cuts made)

Central	North	South
Park Maintenance and Planning/Design Service	Zoo	Liberty Memorial
<b>Zoo</b>	Animal Control	<b>KC Museum</b>
Capital Improvements (Trails, Blvds, Fountains)	Park Maintenance and Planning/Design Service	Zoo

### Planning, Zoning and Economic Development

#### Higher Priorities

Central	North	South
<b>Redevelopment Services</b>	<b>Redevelopment Services</b>	<b>City Planning and Development Admin</b>
City Planning and Development Admin	<b>Development Management</b>	<b>Redevelopment Services</b>
Economic Incentives Administration	<b>Long-Range Planning and Preservation</b>	Development Management
		<b>Long-Range Planning and Preservation</b>
		Economic Incentives Administration

#### Lower Priorities (based on cuts made)

Central	North	South
<b>Jackson Co. Sports Authority</b>	<b>Jackson Co. Sports Authority</b>	<b>Jackson Co. Sports Authority</b>
<b>Visit KC</b>	<b>Visit KC</b>	Conventions and Entertainment Facilities
Conventions and Entertainment Facilities	Conventions and Entertainment Facilities	<b>Visit KC</b>

### Public Safety

#### Higher Priorities

Central	North	South
<b>EMS/Special Operations/Technical</b>	<b>Violent Crimes/Narcotics/Vice</b>	<b>Patrol and Patrol Administration</b>
Patrol and Patrol Administration	Police Communications	<b>EMS/Special Operations/Technical</b>
<b>Violent Crimes/Narcotics/Vice</b>	Youth Outreach and Community Access	<b>Violent Crimes/Narcotics/Vice</b>
Rehabilitative Services (MC)		Youth Outreach and Community Access

## Lower Priorities (based on cuts made)

Central	North	South
Fire Marshal	Police Administration and Support	Office of the Fire Chief
Professional Development (Fire)	Patrol and Patrol Administration	Fleet (Fire)
Fleet and Facilities Management (KCPD)	EMS/Special Operations/Technical	Professional Development (Fire)
	Fire Marshal	Fire Marshal

Transportation and Infrastructure

## Higher Priorities

Central	North	South
KCATA	Street Maintenance	Capital Improvements
Capital Improvements	KCATA	Street Maintenance
Street Maintenance	Capital Improvements	Bulky Item and Leaf/Brush Disposal
Solid Waste		
Snow Removal		

## Lower Priorities (based on cuts made)

Central	North	South
Parking Control and Garages	Parking Control and Garages	Parking Control and Garages
Traffic Permits	Street Markings	Traffic Permits
	Traffic Permits	Transportation and Engineering and Planning

Balancing Act

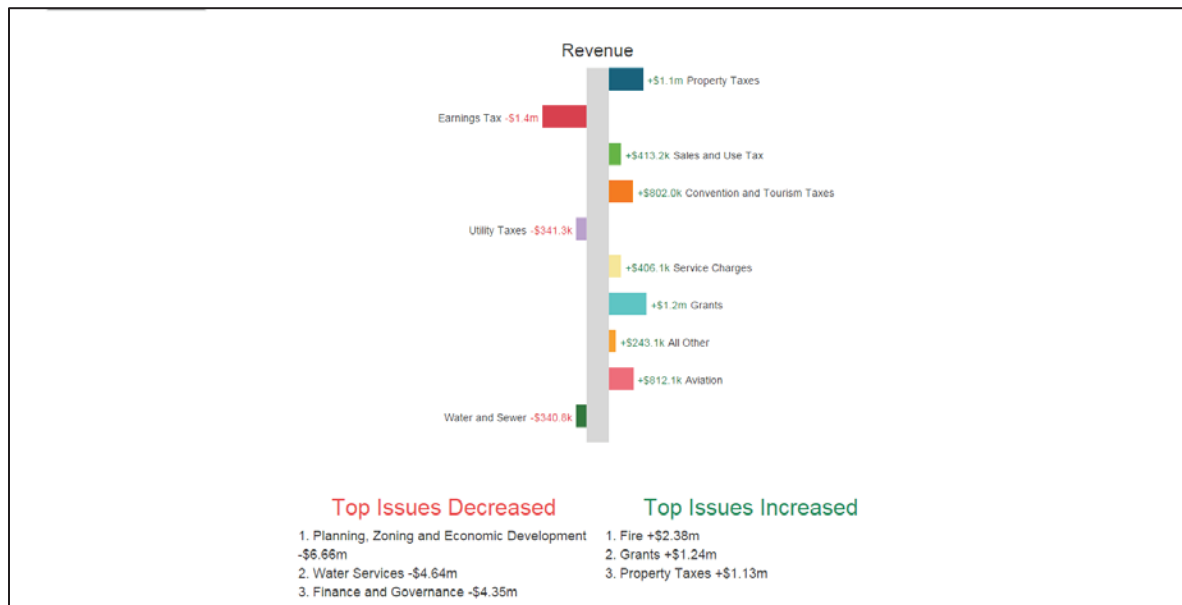
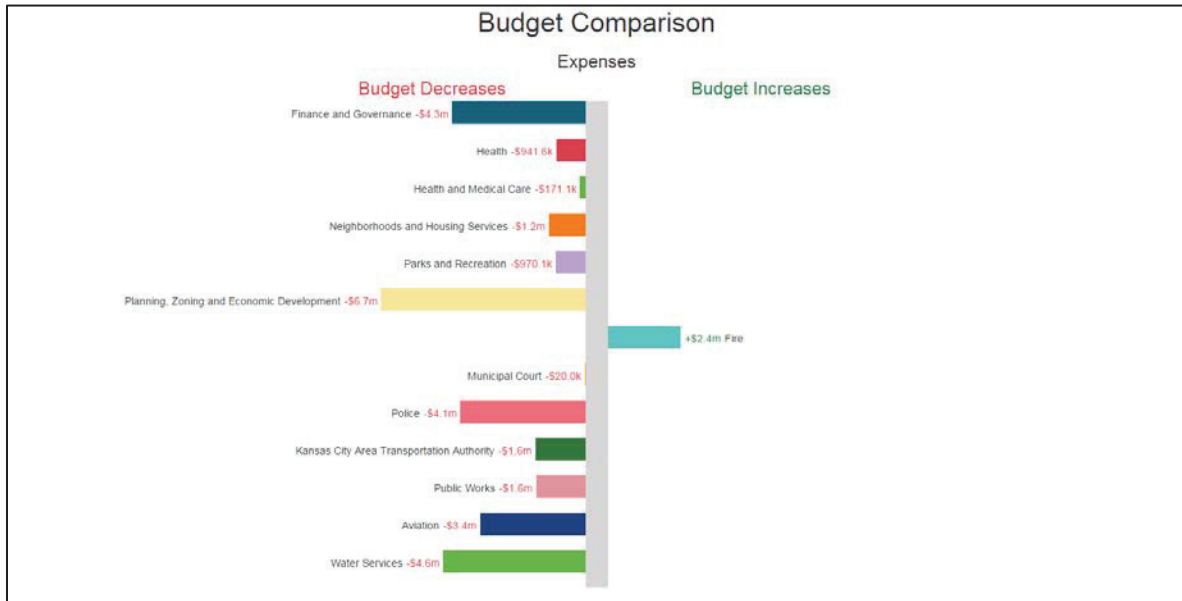
Website: <http://kansas-city-mo.abalancingact.com>

The City of Kansas City, Missouri is taking a proactive approach on ways to involve more residents and businesses in the area when it comes to data and citizen engagement. Through the Citizen Workshops held on the 2016-2021 Submitted Citywide Business Plan, the Budget Office has unveiled their newest budgeting tool, Balancing Act, which allows residents to participate interactively online at the comfort of their own home and office.

Balancing Act is a web tool that promotes financial transparency by allowing local governments to put their budgets online in an interactive, educational format with responsive data visualizations. Through visually-appealing charts and multiple layers of explanatory detail, residents learn about the City of Kansas City's various revenues sources and expenditures. Balancing Act also allow residents to construct their own local budget, subject to the same constraints that elected officials experience in balancing the annual budget, using real budget data. Currently, residents have the opportunity to individually balance the budget by using the balancing act web tool at our Citizen Work Sessions.

"Balancing Act provides a unique way for residents to help us make the hard choices that we have to make when it comes to our City's resources by allowing them to choose what programs are critical or less important within the framework of our budgetary limitations," said Mayor Pro Tem and Finance Committee Chair, Scott Wagner. "This web tool will provide us a means to understand their aspirational goals for our City because we are all in this together."

## Results



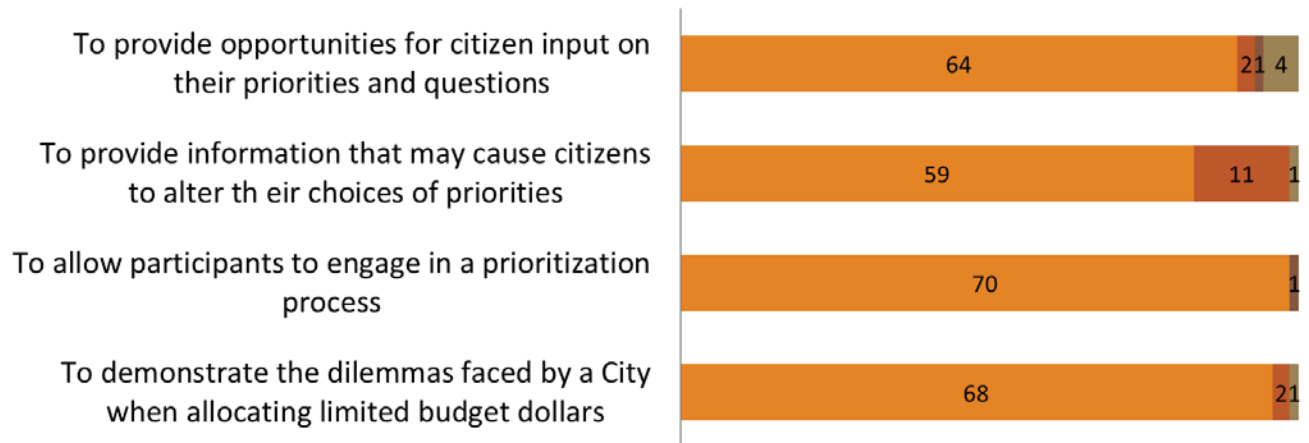


## APPENDIX B: 2016-2021 Citizen Work Session Evaluations

- 3 Work Sessions
  - o Central: Saturday, September 19<sup>th</sup> at Klice Community Center
  - o North: Wednesday, September 23<sup>rd</sup> at Northland Neighborhoods
  - o South: Tuesday, October 6<sup>th</sup> at Hillcrest Community Center

### 2016-2021 Citizen Work Session - Evaluations

■ Achieved the Objective 
 ■ Did Not Achieve Objective 
 ■ Other 
 ■ No Response

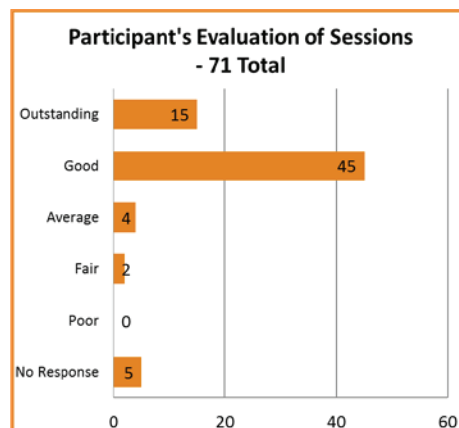


#### Most Helpful

- Working through the need to balance priorities with limited funding
- Better understanding of the difficulty involved in the budget process
- Expressing opinions to City employees regarding how money should be allocated

#### Recommendations for Improvement

- Come to the session with our priorities identified (pre-work) and additional time for group work
- More efforts to inform communities of the event to create better participating from residents
- Spend more time on where the trouble areas are in regard to the budget







# Acknowledgements

The team in charge of plan development, led by Director of Finance, Randall J. Landes, is:

Scott M. Huizenga, Budget Officer

Ellen Belzer, Organizational Development Manager

Debbie Chiu, Senior Analyst

The Office of the Mayor, Jim Giles, Director of Council and Community Relations

The Office of the City Manager, Kate Bender and Julie Steenson

We thank Mayor Sly James, Finance and Governance Committee Chair Scott Wagner, Former Finance, Governance, and Ethics Committee Chair Jan Marcason, the City Council, department directors and other city staff, and business and civic leaders who provided critical information to guide our decisions.



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